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# SAN FRANCISCO PORT COMMISSION

Doreen Woo Ho, President  
Kimberly Brandon, Vice President  
Willie Adams, Commissioner  
Leslie Katz, Commissioner

Monique Moyer, Executive Director  
Phone: 415-274-0400; Fax 415-274-0412

Amy Quesada, Commission Secretary  
Phone: 415-274-0406; Fax 415-274-0412

## AGENDA

TUESDAY, DECEMBER 11, 2012

1:30 P.M. CLOSED SESSION

3:15 P.M. OPEN SESSION

PORT COMMISSION HEARING ROOM, SECOND FLOOR  
FERRY BUILDING, SAN FRANCISCO CA 94111

### PLEASE NOTE THE DATE & TIME OF THE MEETING

*The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Port Commission are posted on the Port's Website at [www.sfport.com](http://www.sfport.com). The agenda packet is also available at the Pier 1 Reception Desk. If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's Office located at Pier 1 during normal office hours.*

1. CALL TO ORDER / ROLL CALL
2. APPROVAL OF MINUTES – November 13, 2012
3. PUBLIC COMMENT ON EXECUTIVE SESSION
4. EXECUTIVE SESSION

GOVERNMENT  
DOCUMENTS DEPT

DEC - 7 2012

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- A. Vote on whether to hold closed session.

An Executive Session has been calendared to discuss the following matters:

- (1) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER (Discussion and Action)

Discuss anticipated litigation matter pursuant to Section 54956.9(c) of the California Government Code and Section 67.10(d) of the City and County of San Francisco Administrative Code.



☐ As Defendant ☒ As Plaintiff

Proposed Action: Approve the negotiated Settlement Agreement with Sinbad's Pier 2, Inc., a California corporation ("Tenant") that (i) requires the payment of back rent with interest, orderly lease surrender and waiver of claims including claims for relocation benefits by Tenant; (ii) and, in exchange, restricts Port's rights to unilaterally terminate the holdover lease and associated parking agreements before December 31, 2014 under certain circumstances and (iii) includes other terms as set forth in the Settlement Agreement on file with the Port Commission Secretary.

(2) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. **\*This session is closed to any non-City/Port representative:**

- a. Property: AB 8719, Lot 002, also known as Seawall Lot 337, AB 9900, Lot 62, also known as China Basin Park, and AB 9900, Lot 048 and AB 9900, Lot 048H, also known as Pier 48 (all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street, and Third Street)  
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development  
\*Negotiating Parties: Jack Bair, SWL 337 Associates, LLC

Under Negotiations: ☐ Price ☐ Terms of Payment ☒ Both  
Pursuant to Resolution No. 10-32, the Port Commission awarded to the non-Port party an exclusive negotiation agreement with the Port for the lease and development of the property. In this executive session, the Port's negotiator seeks direction from the Port Commission on rent structure, financing mechanisms and other factors affecting the form, manner and timing of payment of the consideration for the lease and development of the property. The executive session will enable the Port Commission to develop a negotiating strategy tailored to maximize the City's return based on these factors. In particular, the executive session discussions will enhance the capacity of the Port Commission during its public deliberations and actions to set the price and payment terms that are most likely to maximize the benefits to the Port, the City and the People of the State of California.

- b. Property: AB 4052; 4111, lots 3 and 4; also known as Pier 70 Waterfront Site, located near the intersection of 22<sup>nd</sup> Street and Illinois  
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development  
\*Negotiating Parties: Forest City Development California: Kevin Ratner and Alexa Arena  
Under Negotiations: ☐ Price ☐ Terms of Payment ☒ Both





Pursuant to Resolution No. 11-49, the Port Commission awarded to the non-Port party an exclusive negotiation agreement with the Port for the lease and development of the property. In this executive session, the Port's negotiator seeks direction from the Port Commission on base rent structure and financing mechanisms prior to commencing additional negotiations with the non-Port party. The Port intends to discuss the factors affecting the price and terms of payment for the development of the property. In particular, the executive session discussions will enhance the capacity of the Port Commission during its public deliberations and actions to set the price and payment terms that are most likely to maximize the benefits to the Port, the City and the People of the State of California and/or to more effectively negotiate with the non-Port party on price and payment terms.

## **5. RECONVENE IN OPEN SESSION**

- A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67-12.
- B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

## **6. ANNOUNCEMENTS**

- A. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting: Please be advised that the ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.
- B. Announcement of Time Allotment for Public Comments: Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

## **7. EXECUTIVE**

- A. Executive Director's Report
  - Update on Water Taxi Service
  - Pier 43½ Ribbon Cutting – December 17, 2012 at 2 p.m.
  - Port's Foreign Trade Zone No. 3, featured as Zone of the Month in the *National Association of Foreign Trade Zone's* Zones Report
  - Port of San Francisco received a 2012 Editors' Pick for "Best U.S. Port" by Cruise Critic®



- USNS Richard E. Byrd in drydock repair at BAE SFSR at Pier 70 from November 27, 2012 to January 17, 2013
  - Opening of *Hardwater*, Charles Phan restaurant at Pier 3 – January 2013
  - Schedule of Port Commission Meetings for 2013 attached hereto
  - Cancellation of Regular Port Commission Meeting - January 8, 2013
  - Special Port Commission Meeting - January 24, 2013
  - Commendation for Alan Nevling, Port Survey Associate, upon his retirement
  - Commendation for Robert MacIntosh upon his retirement as CEO of Pier 39
- B. Informational update on Jefferson Street Public Realm Project, commencing January 2, 2013.
- C. Informational presentation on the maritime commercial activities of Blue and Gold Fleet, LLP and the economic benefits and fiscal impact generated by its Bay Excursion, Motor Coach Tour, and Commuter Ferry operations.

## **8. CONSENT**

- A. Request authorization to award Construction Contract No. 2759, Pier 23 Electrical Service Upgrade for 34<sup>th</sup> America's Cup Event to Anvil Builders Inc. in an amount not-to-exceed \$428,499 and authorization for a contact contingency fund of 10% of the contract amount (or \$42,850), for a total authorization not to exceed \$471,349. (Resolution No. 12-92)
- B. Request approval of a no cost ten-year license, License No. 15210, with Golden Gate Audubon Society to install and maintain imported soil and native plants within the upland area adjacent to the Pier 94 Wetlands, in the eastern portion of Seawall Lot 352. (Resolution No. 12-93)

## **9. REAL ESTATE**

- A. Request approval for First Amendment to Lease L-14814 with Andre-Boudin Bakeries Inc., a California Corp., operating an indoor/outdoor casual dining restaurant located at 2890 Taylor Street for a two year extension from December 31, 2017 to December 31, 2019. (Resolution No. 12-94)
- B. Request authorization to enter into exclusive negotiations with Bo's BBQ of SF, LLC, the most qualified respondent to the 295 Terry Francois Boulevard Request for Proposals ("RFP") issued on August 14, 2012 for a retail restaurant lease for the development and operation of the restaurant site. (Resolution No. 12-95)

## **10. PLANNING & DEVELOPMENT**

- A. Informational presentation on the Status of the Port of San Francisco's Blue Greenway Projects.





## **11. FINANCE & ADMINISTRATION**

- A. Informational presentation on the proposed City policy for an Infrastructure Financing District on Port property.

## **12. ENGINEERING**

- A. Request authorization to execute an amendment to the Architectural and Engineering contract with the joint venture of Kaplan, McLaughlin, Diaz Architects and Pfau Long Architecture in association with Bermello Ajamil and Partners to increase the amount of the contract from \$9,950,000 to an amount not-to-exceed \$11,491,708, which consists of an increase of \$1,541,708, for Phase 2 Project construction administration services and other services for Pier 27 James R. Herman Cruise Terminal and Northeast Wharf Plaza Project, located on The Embarcadero at Lombard Street ("Project"), and to extend the term to December 31, 2014. (Resolution No. 12-96)

Request authorization to execute an amendment to the Construction Manager/General Contractor contract with Turner Construction Company to increase the contract amount from \$64,719,777 to an amount not-to-exceed \$100,880,163, and to further increase the contract amount by \$3,616,039 (10%) through contract modification or change order, if needed for unanticipated contingencies, for a total authorization of \$104,496,202, to fund the Phase 2 Project construction, and to extend the term to December 31, 2014. (Resolution No. 12-97)

Request authorization to execute an amendment to the Memorandum of Understanding (MOU) with the San Francisco Department of Public Works (DPW) to increase the MOU funding from the existing not-to-exceed amount of \$7,778,267 to an amount not-to-exceed \$9,714,495, which consists of an increase of \$1,936,228 for Phase 2 for Project Management services, and to extend the term to December 31, 2014 (Resolution No. 12-98)

## **13. NEW BUSINESS**

## **14. PUBLIC COMMENT**

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.



## **15. ADJOURNMENT**

Adjourn the meeting in memory of Frances Alioto, Alioto's No. 8; Steve Chu, Port Plumber (active); and John Kellogg, Retired Port Assistant Chief Engineer.





**FORWARD CALENDAR**  
**(TARGETED COMMISSION MEETING, SUBJECT TO CHANGE)**

**JANUARY 24, 2013**

	<b>FACILITY/POLICY</b>	<b>ITEM</b>	<b>TITLE</b>
1	Election	Action	Election of Port Commission Officers
2	Transportation	Informational	Update on Embarcadero Transportation Network Assessment
3	Portwide	Informational	Present status of yellow tagged facilities
4	Portwide	Informational	Informational update on the Port's Real Estate and Maritime Revenues.
5	Pier 70 Waterfront Site (Forest City)	Informational	Present Forest City's proposed plan for the Pier 70 Waterfront Site.
6	SWL 337	Informational	Informational presentation on proposed Term Sheet between Port and Seawall Lot 337 Associates, LLC for development of a mixed use project at Seawall Lot 337 (bounded generally by China Basin, the San Francisco Bay, Mission Rock Street and Third Street)
7	Pier 9	Action	Request approval of Second Amendment to Lease No. L-14282 with the San Francisco Bar Pilots Benevolent and Protective Association amending the rental schedule throughout the term of the lease for space located at Pier 9

**FEBRUARY 12, 2013**

	<b>FACILITY/POLICY</b>	<b>ITEM</b>	<b>TITLE</b>
1	SWL 337	Action	Request approval of Term Sheet between Port and Seawall Lot 337 Associates, LLC for development of a mixed use project at Seawall Lot 337 (bounded generally by China Basin, the San Francisco Bay, Mission Rock Street and Third Street)
2	South Beach Harbor	Action	Consider agreements between the Port Commission and the Successor Agency to mutually terminate 13 ground leases in the South Beach project area and set business terms for the transfer of the South Beach Harbor Program.
3	South Beach Harbor	Action	Request approval of new structure for South Beach Harbor Berthing Rates and Parking Management.



**DATE TO BE DETERMINED**

	<b>FACILITY/POLICY</b>	<b>ITEM</b>	<b>TITLE</b>
1	Pier 22½	Informational	Present the San Francisco Fire Department Earthquake Safety and Emergency Bond Improvement at Pier 22½
2	Portwide	Action	Request approval to enter into agreements with the San Francisco Municipal Transportation Agency and the regional bike share program operator to use Port property for the Bay Area Regional Bike Share Pilot Program
3	SWL 351	Action	Request approval of resolution recommending that the Board of Supervisors form a City and County Infrastructure District No. 2 and adopt the Infrastructure Financing Plan included in Appendix C which will capture tax increment from the Seawall Lot 351 project (commonly known as the 8 Washington Street project) for site open space improvements, the Cruise Terminal project, under-pier utilities and pier substructure repairs; and authorizing the Port's Executive Director to enter into a Memorandum of Understanding with the City and County of San Francisco acting through the Controller's Office to implement the District
4	Pier 70	Action	Request approval of Federal Cost Sharing Agreement between the Port of San Francisco and the U.S. Army Corps of Engineers for study of the Central Basin Dredge Project
5	Pier 70 Waterfront Site (Forest City)	Informational	Present Forest City's term sheet for the Pier 70 Waterfront Site
6	Pier 70 Waterfront Site (Forest City)	Action	Request approval of Forest City's term sheet for the Pier 70 Waterfront Site





## **COMMUNICATIONS TO PORT COMMISSION**

**From November 9 to December 6, 2012**

- From Dennis MacKenzie, Round the Diamond, regarding San Francisco/Golden State Warriors Piers 30/32 project
- From the Potrero Boosters Neighborhood Association, copy of The Potrero Community Voice newsletter
- From Dave Hunt, Association of Pacific Ports, regarding APP's Winter Conference on January 17-18, 2013 in Oahu, Hawaii
- From Dennis MacKenzie, Round the Diamond, regarding Golden State Warriors Piers 30/32 project
- From Tad Sky, regarding SF Artists Petition on Jefferson Street



**JANUARY/FEBRUARY 2013**  
**CALENDAR OF UPCOMING PORT MEETINGS – OPEN TO THE PUBLIC**

DATE	TIME	GROUP	LOCATION
<b>JAN. 8</b> <b>CANCELLED</b>	2:00 p.m. Closed Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
<b>CANCELLED</b>	3:15 p.m. Open Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
<b>JAN. 24</b>	2:00 p.m. Closed Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
	3:15 p.m. Open Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
<b>FEB. 12</b>	2:00 p.m. Closed Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
	3:15 p.m. Open Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
<b>FEB. 26</b>	2:00 p.m. Closed Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
	3:15 p.m. Open Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.

**NOTES:**

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ [www.sfport.com](http://www.sfport.com). The Port Commission meetings can be viewed online at [http://sanfrancisco.granicus.com/ViewPublisher.php?view\\_id=92](http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=92). The Port Commission meetings are also broadcasted on the 2nd & 4th Thursday of the month at 9 p.m. on Comcast Cable Channel 26 or Astound Cable Channel 78 (formerly RCN Cable). Contact Amy Quesada at 274-0406 or [amy.quesada@sfport.com](mailto:amy.quesada@sfport.com)

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Rip Malloy @ 274-0267 or [rip.malloy@sfport.com](mailto:rip.malloy@sfport.com)

The Maritime Commerce Advisory Committee (MCAC) meets every other month, on the third Thursday of the month, from 11:30 a.m. to 1:00 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or [jim.maloney@sfport.com](mailto:jim.maloney@sfport.com)

The Mission Bay Citizens Advisory Committee meets on the second Thursday of the month at 5:00 p.m. in the Creek Room at Mission Creek Senior Building located at 225 Berry Street in San Francisco (along the Promenade just beyond the library.) Contact Catherine Reilly at the former Redevelopment Agency @ 749-2516 or [catherine.reilly@sfgov.org](mailto:catherine.reilly@sfgov.org)

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jonathan Stern @ 274-0545 or [jonathan.stern@sfport.com](mailto:jonathan.stern@sfport.com)

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or [mark.paez@sfport.com](mailto:mark.paez@sfport.com)

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or [david.beaupre@sfport.com](mailto:david.beaupre@sfport.com)

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or [dan.hodapp@sfport.com](mailto:dan.hodapp@sfport.com)





## **ACCESSIBLE MEETING INFORMATION POLICY**

### **FERRY BUILDING:**

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots: 3 spaces in the surface lot on the west side of the Embarcadero at Washington Street.

Hourly and valet parking is available in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa. Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

### **Know Your Rights Under the Sunshine Ordinance:**

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Sections 67.1 et seq. of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Chris Rustom by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at [soft@sfgov.org](mailto:soft@sfgov.org). Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Rustom or by printing Sections 67.1 et seq. of the San Francisco Administrative Code on the Internet, at <http://www.sfgov.org/sunshine>.

## **NOTICES**

### **Prohibition of Ringing of Sound Producing Devices:**

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

### **Lobbyist Registration and Reporting Requirements:**

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: [www.sfgov.org/ethics](http://www.sfgov.org/ethics).





## **SCHEDULE OF PORT COMMISSION MEETINGS 2013**

The regular Port Commission meetings (2 p.m. closed session and 3:15 p.m. open session) are held in the Port Commission Hearing Room located on the second floor of the Ferry Building, unless otherwise noticed.

January	08 - CANCELLED
January	24 - SPECIAL MEETING
February	12 & 26
March	12 & 26
April	09 & 23
May	14 & 28
June	11
July	09
August	13
September	10 & 24
October	08 & 22
November	12
December	10





## MEMORANDUM

December 6, 2012

**TO:** MEMBERS, PORT COMMISSION  
Hon. Doreen Woo Ho, President  
Hon. Kimberly Brandon, Vice President  
Hon. Willie Adams  
Hon. Leslie Katz

**FROM:** Monique Moyer  
Executive Director

**SUBJECT:** Informational update on Jefferson Street Public Realm Project,  
commencing January 2, 2013

**DIRECTOR'S RECOMMENDATION:** Informational Only; No Action Required

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### Overview

The San Francisco Planning Department has been working with the Fisherman's Wharf Community Benefit District on improvements to the area since 2006. This public/private partnership has worked together with the community to redesign Fisherman's Wharf for how it is used today. The Jefferson Street Public Realm Project ("Project") not only addresses accessibility for the businesses, people and fishermen who work in the neighbourhood, but one that also makes modifications to create a better walking and biking environment for the nearly 40,000-75,000 people that visit per day.

The Project will be undertaken on Jefferson Street covering two blocks from Hyde Street to Jones Street. A map of the Jefferson Street project area is attached hereto. All businesses will be accessible and open for business as usual. The Project is being led by the Department of Public Works. A project website has been created at [www.newjeffersonstreet.com](http://www.newjeffersonstreet.com).

### Project Scope & Schedule:

With planning and funding in place, construction will begin on January 2, 2013 on Jefferson Street between Hyde and Jones Street. Construction is scheduled to be complete in time for the America's Cup races in 2013. The first scope of work includes removal of the train tracks that are underneath the asphalt on the north side of the street. Once they are removed they will be covered up so that traffic can flow on the north side of the street while construction and demolition begins on the south side of the street. When construction starts, all parking on the two blocks will be removed.

**THIS PRINT COVERS CALENDAR ITEM NO. 7B**





Since the start date is January 2, 2013 the street artists will remain in the 9 spots they currently occupy on Jefferson Street through the month of December. When construction begins, they will need to relocate. The Department of Public Works will be providing "Project Signs" and "Open for Business" signs during construction. The Fisherman's Wharf Community Benefit District will be supplementing those signs with additional ones that provide information about the project and businesses.

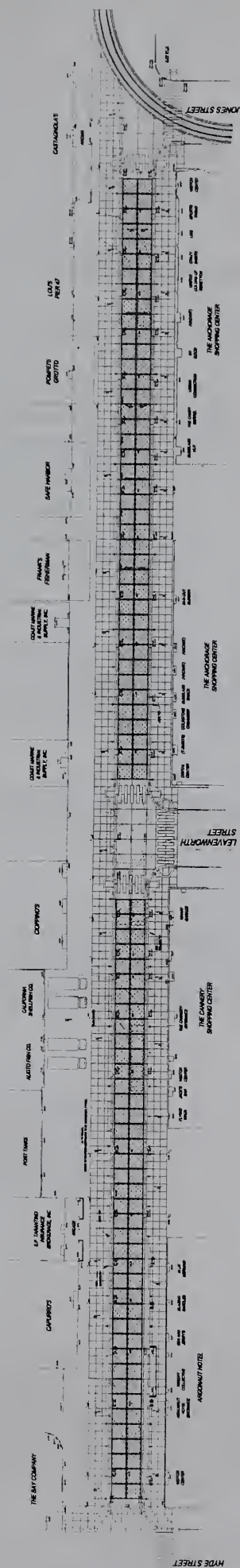
**Next Steps:**

Port and DPW staff will provide periodic updates to the Port Commission. Interested persons may also follow the Project on its website at [www.newjeffersonstreet.com](http://www.newjeffersonstreet.com).

Prepared by: John Thomas  
Project Manager  
Department of Public Works

Attachment  
Project Location Map





# PHASE I IMPROVEMENT PLAN Jefferson Street Streetscape Redesign Prepared for The City of San Francisco by ROMA Design Group March 13, 2012





## MEMORANDUM

December 6, 2012

**TO:** MEMBERS, PORT COMMISSION  
Hon. Doreen Woo Ho, President  
Hon. Kimberly Brandon, Vice President  
Hon. Willie Adams  
Hon. Leslie Katz

**FROM:** Monique Moyer *M. Moyer*  
Executive Director

**SUBJECT:** Informational presentation on the commercial maritime activities of Blue and Gold Fleet, L.P. and the economic benefits and fiscal impact generated by its Bay Excursion, Motor Coach Tour, and Commuter Ferry operations

**DIRECTOR'S RECOMMENDATION:** Informational Item - No Action Required

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### Background

The Maritime Division at the Port of San Francisco manages one of the most diverse business portfolios of any port in North America. Strategically, the division groups its customers into six major categories based on the operational similarities for each. These categories are:

- a) Cargo Shipping
- b) Commercial Fishing & Fish Processing
- c) Passenger Cruise Shipping
- d) Harbor & Ship Support Services
- e) Ship Repair
- f) Commuter Ferries
- g) Excursions

The Port of San Francisco, with its over 3.2 million ferry passengers, over 3 million excursion passengers, and 200,000 cruise passengers each year ranks as the largest passenger port in California. Blue & Gold Fleet has consistently ranked among one of the top Port Maritime tenants for the past thirty-three years, and is positioned for ongoing success in the future. The consistent, safe, and successful operating of the

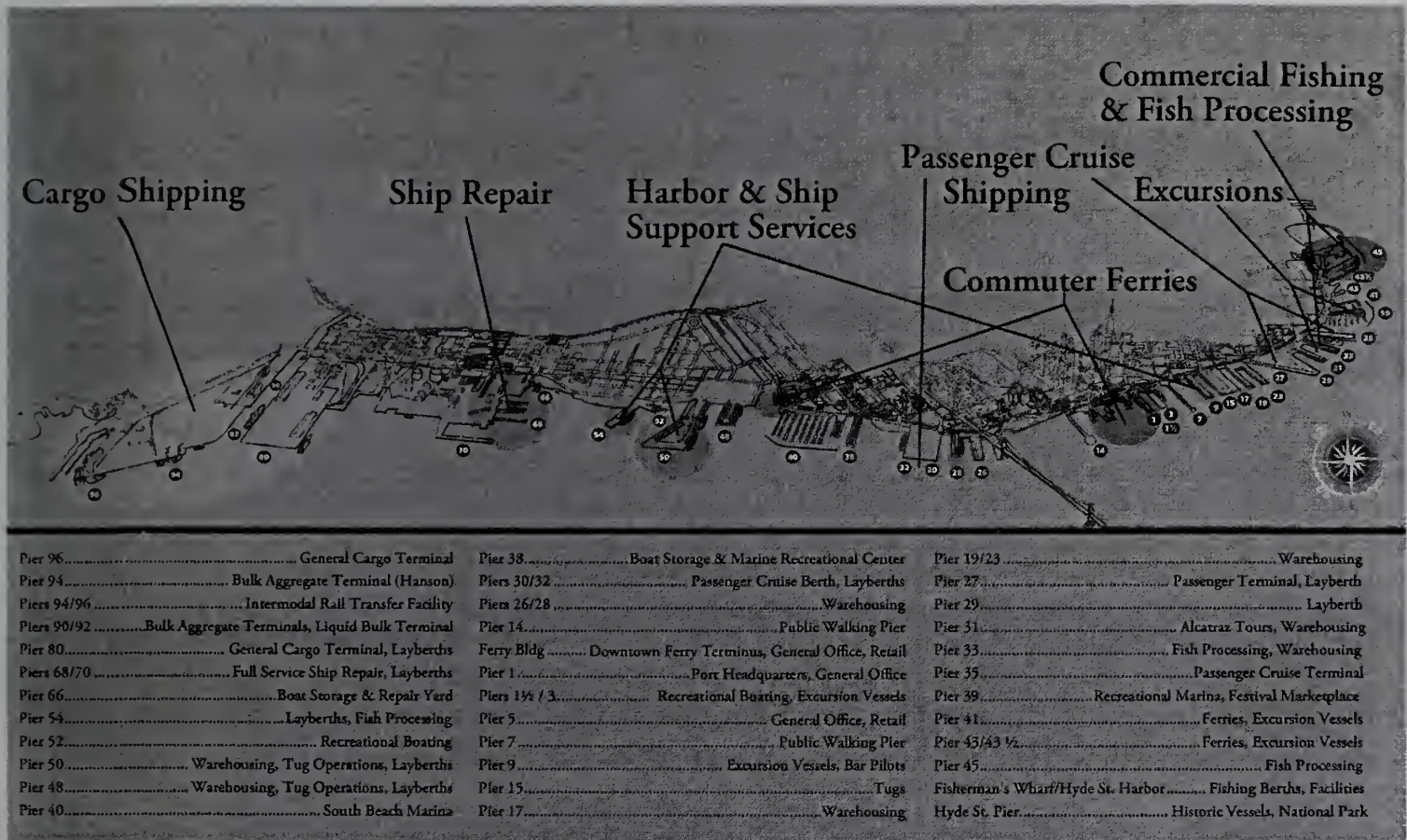
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Blue & Gold Fleet has contributed greatly to the Port's attainment of its prominent position as California's premier "People Port."

## Port of San Francisco's Maritime Business Sectors:



## Blue & Gold Fleet Operations

In 1979, Blue & Gold Fleet began serving the San Francisco Bay Area with three passenger vessels providing pleasure cruises from PIER 39's West Marina. Blue & Gold Fleet's excursion service expanded in 1991 to include the Alameda/Oakland commuter ferry service to San Francisco under contract with the City of Alameda and the Port of Oakland. In 1994 it also acquired the commuter ferry service between San Francisco and Vallejo under an exclusive contract with the City of Vallejo.

In 1997, Blue & Gold Fleet acquired the majority of the assets of Crowley Maritime's Red & White Fleet. Blue & Gold Fleet now remains the largest ferry and land tour transportation provider serving San Francisco Bay's commuters, residents and visitors. In addition, Blue & Gold Fleet operates a commuter ferry service between Tiburon and San Francisco, and provides scheduled ferry service to Sausalito and Angel Island.



Effective January 1, 2012, Blue & Gold Fleet entered into a five-year operating and maintenance contract for each of the Water Emergency Transportation Authority's (WETA) San Francisco Bay Ferry services. The Alameda/Oakland and Harbor Bay Ferry lines comprise the San Francisco Bay Ferry services, and they provide daily commute and excursion services between Alameda, Oakland, San Francisco, and Harbor Bay. Earlier this year, San Francisco Bay Ferry also launched a new service between South San Francisco and the East Bay that remains active and well supported.

WETA also oversees a North Bay Ferry Service composed of the City of Vallejo's Baylink ferry operation between Vallejo and San Francisco. And, both the Vallejo Baylink and Alameda/Oakland lines provide service to and from the Port's ferry landing at China Basin, adjacent to AT&T Park.

Since September of 2008, WETA has also been empowered by the State of California to act as a local governmental entity of regional scope that plans, manages, operates, and coordinates the emergency activities of all water transportation and related facilities within the San Francisco Bay Area region, with a few exceptions. As a lead agency for emergency response, it is imperative that each of the vessels within WETA's fleets remain in safe and reliable operating condition. Under the new contract with WETA, Blue & Gold Fleet will be responsible for the daily operation and all fleet maintenance of each of these services at an estimated five year cost of \$44.5 million. Each of the San Francisco Bay Ferries are maintained at Pier 9 in San Francisco, while those of the North Bay Ferry Service are maintained at a Blue & Gold Fleet facility located in Vallejo. Port staff will make a presentation profiling WETA at a future Port Commission meeting.

#### *Blue & Gold Fleet:*

- Transports approximately 3 million passengers annually.
- Provides a variety of tours, some combining motorcoach and ferry excursions.
- Provides private charters and unique customized tour packages to any of its destinations, and services the corporate events, weddings and private entertaining markets.
- Operates nineteen vessels, eight of which it owns. Eleven are high-speed catamarans, operated under contract with the Water Emergency Transportation Authority, including the *MIV Gemini*, *Pisces*, *Taurus*, and *Scorpio*, the nation's most environmentally friendly ferries.
- Operates the Tiburon ferry, which is the only unsubsidized commuter ferry service on the Bay.
- Owns and operates *RocketBoat*, the ultimate thrill ride on San Francisco Bay.





- Employs one hundred seventy-five employees year-round, and two hundred fifty employees during the peak season that runs from Memorial Day through Labor Day.

Since its inception, Blue & Gold Fleet's maritime employees have been members of a maritime union. The Masters Mates and Pilots union represents the captains, engineers, ticketing personnel and the deckhands working on excursion vessels, while the Inlandboatmen's Union represents the deckhands working aboard its ferry vessels.

### **Blue & Gold Fleet's Tenancies**

Blue & Gold Fleet operates out of four Port of San Francisco facilities:

- a) PIER 41 — a 60,300 sq.ft. ground lease that began in 1975 and runs through March 31, of 2015. This is a percentage rent lease with a minimum monthly base rent of \$28,961, and operates as the base for Blue & Gold Fleet's water excursions and *the Rocket Boat* attraction. Other permitted uses include concession sales (such as snack bars; bicycle rentals; a kite store; and Ben & Jerry's ice cream) and land tour packages (such as a City Tour; Muir Woods; Monterey/Carmel; and the Sonoma Wine Country). For the fiscal year ending June 30, 2012, this facility generated \$8.2 million in sales and \$664,851 in Port rents.
- b) PIER 9 — the primary maintenance facility for the Blue & Gold Fleet as well as eleven vessels covered under Blue & Gold Fleet's five-year contract with WETA (with the exception of the Vallejo/Baylink fleet). Here, two agreements with the Port (one five-year term lease and one month-to-month license) comprise 9,404 sq.ft. of shed space; 7,180 sq.ft. of open pier/apron space; and 26,200 sq.ft. of open water, for which the Port currently receives \$148,024 annually.
- c) Downtown Ferry Terminus GATE B — Blue & Gold Fleet operates the Blue & Gold Tiburon service out of Gate B. Landing fees are paid to the Port on an actual use basis, which for FY 2011/12 amounted to \$30,249.
- d) China Basin/Ballpark Ferry Landing — Blue and Gold Fleet uses this shared facility for casual landings of its charter and entertainment tour services. Landing fees are generated on an actual use basis, which for FY-11/12 amounted to \$741.

Blue and Gold Fleet, L.P. is an extensive enterprise that is projecting gross sales of \$20.1 million for calendar year 2012. Total rents and fees paid by Blue & Gold Fleet to the Port on an annual basis typically exceed \$850,000.





## Summation

At the Port Commission Meeting of October 23, 2012, the San Francisco Port Commission directed Port staff to provide informational presentations on the Port's maritime clients on a regular basis. As *Blue & Gold Fleet* continues on as one of our oldest and largest maritime clients (with thirty-three years of good standing with the Port), and as it plays such a pivotal and critical role ensuring safe transportation for the majority of Bay Area commuter passengers as well as the reliability of an emergency response transportation network that all of San Francisco Bay can count on, we thought it fitting to begin such a series of topical presentations with an anchor tenant of the Port's maritime portfolio that is nearly as diversified, but equally as steadfast as the Port of San Francisco. The Maritime staff and its varied and interesting array of accounts look forward to providing more of these types of reports to the Port Commission and the public in the future.

Prepared by: Gerry Roybal, Maritime Marketing Manager

For: Peter Dailey, Deputy Director, Maritime





## MEMORANDUM

December 6, 2012

**TO:** MEMBERS, PORT COMMISSION  
Hon. Doreen Woo Ho, President  
Hon. Kimberly Brandon, Vice President  
Hon. Willie Adams  
Hon. Leslie Katz

**FROM:** Monique Moyer *M Moyer*  
Executive Director

**SUBJECT:** Request authorization to award Construction Contract No. 2759, Pier 23 Electrical Service Upgrade for 34<sup>th</sup> America's Cup Event to Anvil Builders Inc. in an amount not-to-exceed \$428,499 and authorization for a contact contingency fund of 10% of the contract amount (or \$42,850), for a total authorization not to exceed \$471,349

**DIRECTOR'S RECOMMENDATION:** Approve Attached Resolution

### Overview

Port staff requests that the Port Commission award construction contract No. 2759, Pier 23 Electrical Service Upgrade for the 34<sup>th</sup> America's Cup ("AC34") Event to Anvil Builders Inc., the lowest responsive, responsible bidder. The scope of work of this construction project will add four 200 Amp, 277/480 Volt load centers in Pier 23 to meet the power requirement of the America's Cup media Center operations (the "Project"). See Exhibit A for the project location.

### Background

The Port Commission, at its meeting on November 13, 2012, authorized staff to advertise for bids for the Project (Port Commission Resolution 12-11).

The Project work scope includes installing new electrical service consisting of a PG&E transformer, 1000A, 480V switchgear in Pier 19 and distribution in Pier 23.

Port staff published the advertisement for bids on November 14, 2012, and on December 3, 2012, Port staff received 7 bids for this project. A summary of the bids is attached (See Exhibit B, Bid Summary). The lowest bidder, Anvil Builders Inc.,

**THIS PRINT COVERS CALENDAR ITEM NO. 8A**



submitted a total bid price of \$428,499, which is 57% lower than the engineer's estimate.

### **San Francisco Local Hiring Policy for Construction**

The proposed contract will include the requirements to hire locally in accordance with the City's local hiring ordinance (known as the San Francisco Local Hiring Policy for Construction), which became effective on March 25, 2011. The mandatory participation level in terms of project Work Hours within each trade to be performed by Local Residents is 25%, with a goal of no less than 10% of Project Work Hours within each trade to be performed by disadvantaged workers.

### **Local Business Enterprise (LBE) (Admin Code Chapter 14B)**

For this contract, Human Rights Commission (HRC) staff established a Local Business Enterprise ("LBE") subcontractor participation goal of 26%. By December 10, 2012, HRC staff will complete its review and is expected to confirm that Anvil Builders Inc. meets the subcontractor participation goal and meets the requirements of San Francisco Administrative Code Chapter 14B and thus is eligible for the award of the contract (see Exhibit C). Contactor's LBE subcontractor participation for this contract is 26% for the base bid.

### **Regulatory Approvals**

All required regulatory permits, certifications and notifications have been secured for this project including the environmental review and San Francisco Bay Conservation and Development Commission approvals.

### **Funding**

The project construction cost and 10% contingency are fully funded by proceeds of the City's issuance of Certificates of Participation (COPs), with debt service to be repaid from the Port's funds.

<b>Title</b>	<b>Amount</b>
Contract Amount	\$ 428,499
10% Project Contingency	\$ 42,850
Total	\$ 471,349

### **Schedule**

The following is the anticipated project schedule:

Commission Award	December 11, 2012
Notice to Proceed (NTP)	December 17, 2012
Start to Work	January 2, 2013
Substantial Completion	February 28, 2013
Final Completion	April 30, 2013





## Summary

Port staff recommends that the Port Commission authorize the award of construction Contract No. 2759, Pier 23 Electrical Service Upgrade for the 34<sup>th</sup> America's Cup Event, to Anvil Builders Inc., as the lowest responsive and responsible bidder, in a not-to-exceed amount of \$428,499, and also authorize staff to increase the contract amount by 10% (or \$42,850) through contract modification or change order for a total of \$471,349, in the event of unanticipated contingencies. Staff also recommends that the Port Commission authorize the Executive Director to accept the work once it is completed

Prepared By: James J. Lee, P.E.  
Electrical Engineer

Mabal S. Bhat  
Senior Electrical Engineer

For: Edward F. Byrne, S.E.  
Chief Harbor Engineer



**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 12-92**

- WHEREAS, the Port Commission previously authorized the advertisement of the construction contract for Pier 23 Electrical Service Upgrade for 34<sup>th</sup> America's Cup ("AC34") Event, Contract No. 2759, at its meeting of November 13, 2012; and
- WHEREAS, the proposed construction contract will add four 200 Amp, 277/480 Volt load centers in Pier 23 to meet the power requirement of the AC34 Media Center operations (the "Project"); and
- WHEREAS, Port staff received 7 bids on December 3, 2012 for Contract No. 2759; and
- WHEREAS, Port staff and the Human Rights Commission ("HRC") staff reviewed the bids and have determined that Anvil Builders Inc. is the lowest responsive, responsible bidder for the Project; and
- WHEREAS, in its bid, Anvil Builders Inc. commits 26% of the contract bid to Local Business Enterprises (LBE) subcontracting, which satisfies the HRC's LBE subcontracting goal of 26% for the Project; and
- WHEREAS, the construction contract for the Project will require compliance with the City's Local Hiring Policy for Construction; now therefore be it
- RESOLVED, that the San Francisco Port Commission hereby authorizes Port staff to award construction Contract No. 2759, Pier 23 Electrical Service Upgrade for the 34<sup>th</sup> America's Cup Event, to Anvil Builders Inc., the lowest responsive and responsible bidder, for the not-to-exceed amount of \$428,499; and be it further
- RESOLVED, that the San Francisco Port Commission hereby authorizes Port staff to increase the contract amount, as necessary for unanticipated contingencies, by an additional \$42,850 (10% of \$428,499) through contract modification or change order; and be it further
- RESOLVED, that the Port Commission hereby authorizes the Executive Director to accept the work once it is completed.

***I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of December 11, 2012.***

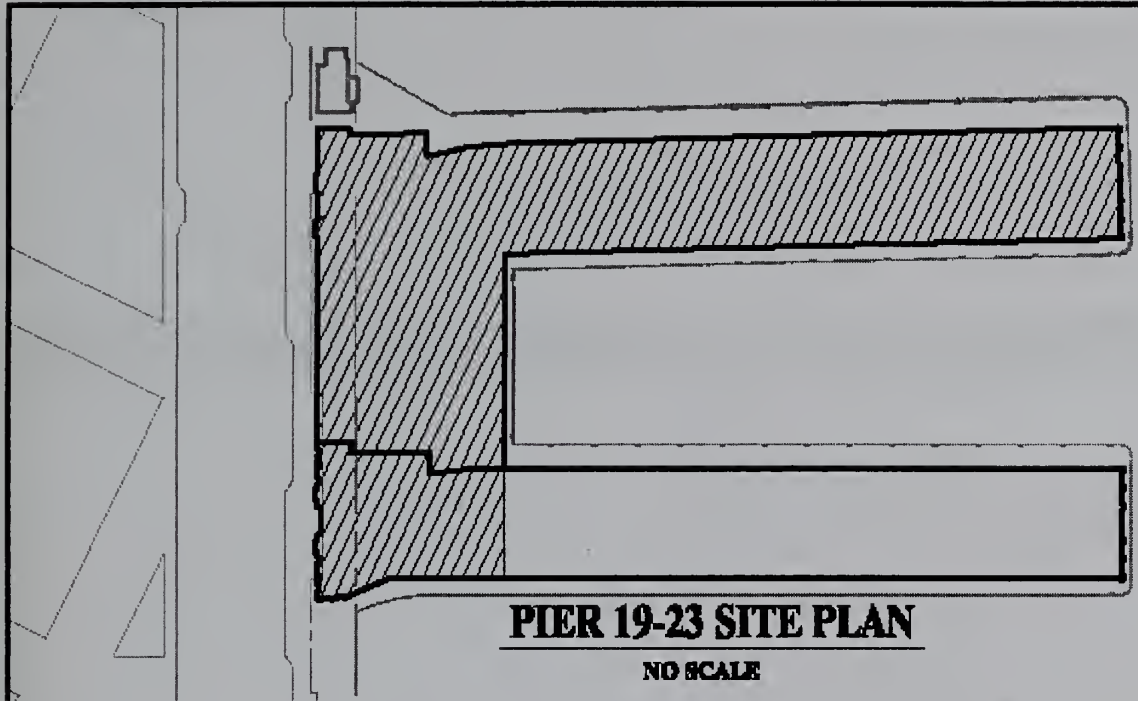
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Secretary

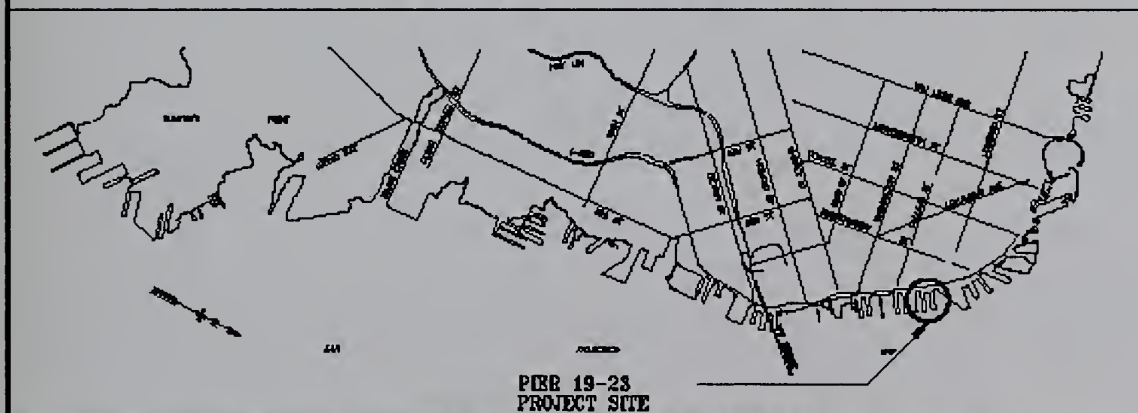




## EXHIBIT A



## PIER 19-23 VICINITY MAP



**SAN FRANCISCO PORT COMMISSION**  
PORT OF SAN FRANCISCO  
DEPARTMENT OF ENGINEERING

**PIER 23 ELECTRICAL SERVICE  
UPGRADE FOR 34TH  
AMERICA'S CUP EVENT**

DESIGNED  
XX

DATE  
XX/XX/XX

CONTRACT NO.  
XX

DRAWN  
XX

DATE  
XX/XX/XX

CHECKED  
XX

DATE  
XX/XX/XX





# EXHIBIT B B I D T A B U L A T I O N

BID OPENING DATE	12/03/12 IN PIER 1, SAN FRANCISCO
CONTRACT NUMBER	2759
PROJECT NAME	PIER 23 ELECTRICAL SERVICE UPGRADE FOR THE 34 <sup>TH</sup> AMERICA'S CUP EVENT
LBE GOAL:	26%
TOTAL NUMBER OF CALENDAR DAYS	60

NUMBER OF BIDDERS:	07	ANNOUNCED BUDGET:	990,000	LOW BASE BID AMOUNT UNDER BUDGET:	-561,501	PERCENT UNDER EST:	-56.7%
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BIDDER ID NO.	TOTAL	APPARENT BID RANK	BIDDER INFORMATION
1	713,235	5	CONTRA COSTA ELECTRIC 825 HOWE ROAD MARTINEZ, CA 94553 PHN 925-229-4250 Email: CHARLIE.HADSELL@EMCORGROUP.COM
2	611,000	4	U.S. ELECTRIC TECHNOLOGIES NORI LEE, VICE-PRESIDENT 1065 FOLSOM STREET SAN FRANCISCO, CA 94103 PHN 415-553-4037 Email: NORI@USELECTRICONLINE.COM
3	487,000	3	ALPHA BAY BUILDERS SHERMAN CHIU, PRESIDENT 3314 CESAR CHAVEZ SAN FRANCISCO, CA 94110 PHN 415-282-6188 Email: ALPHABAY@YAHOO.COM
4	428,499	1	ANVIL BUILDERS INC HIEN TRAN, CEO & PRESIDENT 1475 DONNER AVE, 2 <sup>ND</sup> FLOOR SAN FRANCISCO, CA 94124 PHN 415-285-5000 Email: ESTIMATING@ANVILBUILDERS.COM
5	819,700	6	PHOENIX ELECTRIC 1350 VAN DYKE AVE. SAN FRANCISCO, CA 94124 PHN 415-671-3858 Email: DLAU@PHOENIXELECTRIC.COM
6	437,000	2	SCHEMBRI CONSTRUCTION CO., INC 1485 BAYSHORE BLVD., #130 SAN FRANCISCO, CA 94124 PHN 415-656-0300 Email: CHARLES@SCHEMBRI.COM
7	877,000	7	M.H. CONSTRUCTION MGMT CO 1630 17 <sup>TH</sup> STREET SAN FRANCISCO, CA 94107 PHN 415-558-9778 Email: MHC1630@GMAIL.COM





## MEMORANDUM

December 6, 2012

**TO:** MEMBERS, PORT COMMISSION  
Hon. Doreen Woo Ho, President  
Hon. Kimberly Brandon, Vice President  
Hon. Willie Adams  
Hon. Leslie Katz

**FROM:** Monique Moyer *M Moyer*  
Executive Director

**SUBJECT:** Request approval of a no cost ten-year license, License No. 15210, with Golden Gate Audubon Society to install and maintain imported soil and native plants within the upland area adjacent to the Pier 94 Wetlands, in the eastern portion of Seawall Lot 352

### **DIRECTOR'S RECOMMENDATION: Approve the Attached Resolution**

#### **Executive Summary**

With a \$75,000 grant from the California State Natural Resources Agency (Resources Agency), the Golden Gate Audubon Society (Audubon) proposes to improve upland habitat along a portion of Seawall Lot 352 shoreline. The proposed improvements include placement of suitable soil and planting native plants, and will enhance and benefit Trust property. Port staff proposes to execute a 10-year license to Audubon with no license fee to enable Audubon to make these improvements ("License"). The License is subject to Port Commission approval due to the length of the term and the deviation from approved parameters, including a waiver of fees.

#### **Background**

In 2006, the Port obtained grant funding from the California State Coastal Conservancy to improve habitat along the northeast shoreline of SWL 352, where a small tidal salt marsh had developed over time. This area is commonly referred to as "the Pier 94 Wetlands". Improvements included the removal of debris that had historically been dumped along the shoreline, grading to improve tidal circulation, and placement of sand along the northern edge of the subject shoreline to attenuate wave impacts on the marsh.

In conjunction with the habitat enhancement, the Port designated a 100 to 300 foot wide "buffer zone" along the upland edge, between the wetlands and the adjacent industrial

**THIS PRINT COVERS CALENDAR ITEM NO. 8B**





tenants (Hanson Aggregates to the north and west and a vacant facility, formerly leased to Pacific Cement to the south). The Pier 94 Wetlands and the adjacent upland areas are open to public access and frequented by bird-watchers.

Audubon has long advocated for and supported the Port's effort to protect and improve natural resources within its jurisdiction. Since the Port completed its wetland habitat improvement project at Pier 94 in 2006, Audubon has voluntarily assisted with biological monitoring required by the Port's BCDC permit, and maintained on-going public participation in care and maintenance of the area. Audubon holds regular volunteer work days to remove litter, debris and invasive plants from the area, and often brings children in its environmental education programs to visit Pier 94.

The Port's original enhancement project included an effort to seed the buffer zone with native grasses. The grass did not thrive, primarily because the soil is comprised of fill material, which was originally placed to construct new land area, and this fill material is very poor quality for supporting plant life. Currently, the buffer zone is sparsely vegetated with predominantly non-native weedy species such as pampas grass, fennel and thistle. Audubon now proposes to import soil to this area and plant native species that would typically be found along coastal wetlands in a more natural environment.

### **License Area and Permitted Activity**

The proposed License Area is comprised of about 48,300 square feet within the Pier 94 wetlands public open space. The License Area will be used by Audubon solely for the planting and maintenance of plants, and for no other purpose. The permitted activity includes placement of up to 3,331 cubic yards of clean sandy soil as planting substrate, and the installation and maintenance of native plants. The License area is currently vacant open space and is not usable for revenue generation.

A significant amount of the soil that is needed for this project will be donated by Port tenant, Hanson Aggregates, from its adjacent sand yard. Additional material will be imported from other sources, which are yet to be identified. To ensure that the imported material is clean and does not introduce any contaminants to the site, all imported soil will be tested according to protocols established for that purpose by the California Department of Toxic Substances Control<sup>1</sup> prior to delivery, and must meet the specified criteria for acceptance as clean fill, as monitored by Port staff.

### **Funding**

Audubon has secured a commitment of \$75,000 in grant funds from the Urban Greening Project of the California Natural Resources Agency to support this project. The grant from the Resources Agency to Audubon for habitat improvements reflects both organizations' commitment to stewardship of natural resources. Audubon is a non-profit organization with a long history of successful volunteer organization and fundraising, and it may seek other funds or donations as needed. No Port funds will be used for this project.

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<sup>1</sup> "Information Advisory, Clean Imported Fill Material", Department of Toxic Substances Control, October 2001.



## **Proposed Terms for License No. 15210**

License Area:	Approximately 43,800 square feet of unimproved land adjacent to Pier 94 Wetlands, in the eastern portion of Seawall Lot 352, as illustrated in Exhibit A.
Permitted Use:	The License Area, as illustrated in Exhibit B, shall be used solely for planting and maintenance of plants and for no other purpose. Licensee is required to obtain all Port regulatory permits required for the activities.
Term:	January 1, 2013 - December 31, 2022.
License Fee:	Waived, as the Licensee will not be generating income from the use of the License Area, and will plant and maintain habitat improvements for the enhancement and benefit of the public and the Trust.
Security Deposit:	Waived.
Maintenance & Repair:	Licensee shall be solely responsible for maintaining its plantings within the License Area. Port shall not be obligated to make any repairs, replacement or renewals of any kind.
Other Provisions:	The License will include all applicable City Requirements now in effect, and all standard Port provisions relating to licensee defaults, indemnity, insurance requirements, and hazardous materials, etc.
CEQA:	The proposed project and License have been determined to be categorically exempt from the California Environmental Quality Act.

### **Recommendation**

The License would allow Audubon to undertake activities that contribute to the Port's public access and natural resources enhancement missions under the public trust without contribution of Port funds or impact to potential revenue generation on the subject property. Therefore, Port staff recommends approval of the License.

Prepared by: Carol Bach, Environmental & Regulatory Affairs Manager  
Planning & Development Division and  
Rubén Solís, Jr. Property Manager  
Real Estate Division  
For: Susan Reynolds, Deputy Director of Real Estate

Attachments:  
Exhibit A - SWL 352 location  
Exhibit B - License Area



**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO  
RESOLUTION NO. 12-93**

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and
- WHEREAS, Port property includes wetland habitat and public access at the Pier 94 Wetlands, along a portion of the northeast shoreline of Seawall Lot 352; and
- WHEREAS, Golden Gate Audubon Society has obtained a grant from the California Natural Resources Agency to improve habitat in the area by importing appropriate soil and planting and maintaining native species; and
- WHEREAS, Golden Gate Audubon Society's proposed activities would improve natural resources and would not involve use of Port funds or eliminate revenue-generating uses; and
- WHEREAS, the Port and Golden Gate Audubon Society have negotiated a license with a rent-free ten year term, License No. 15210, authorizing Golden Gate Audubon Society to implement the work under terms as further described in the Memorandum dated November 26, 2012 ("License");
- WHEREAS, the proposed project and License have been determined to be categorically exempt from the California Environmental Quality Act by the Port, as documented in a letter to City Planning dated August 16, 2012; now, therefore, be it
- RESOLVED, that the Port Commission approves the License and authorizes the Executive Director or her designee to execute the License; and be it further
- RESOLVED, that the Port Commission authorizes the Executive Director to enter into any additions, amendments or modifications to the License that the Executive Director, in consultations with the City Attorney, determines are in the best interests of the Port, do not materially increase the obligations or liabilities of the City or Port, and are necessary or advisable to complete the transactions which the License contemplates and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the License, and any such amendments thereto.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of December 11, 2012.***

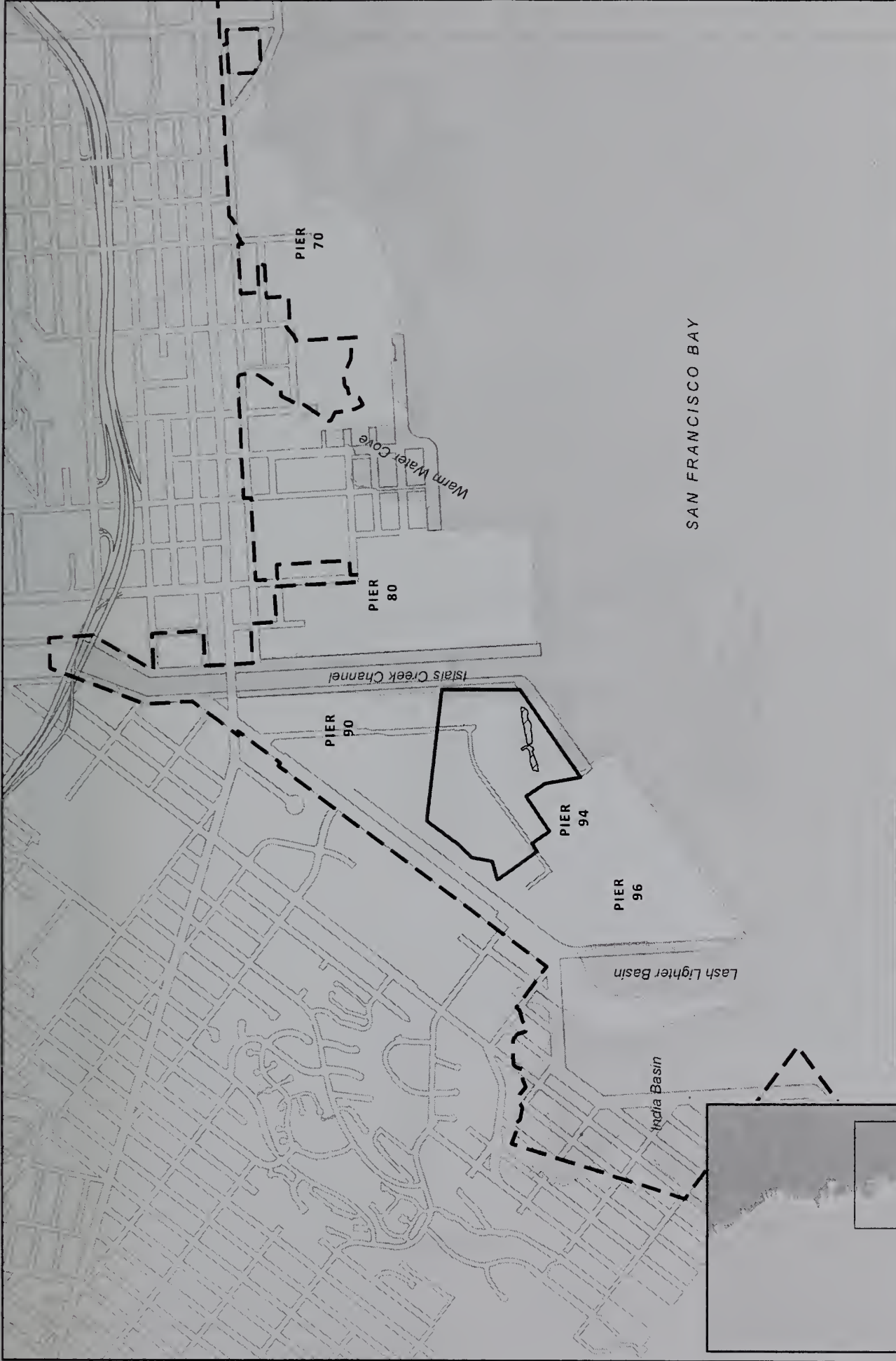
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Secretary





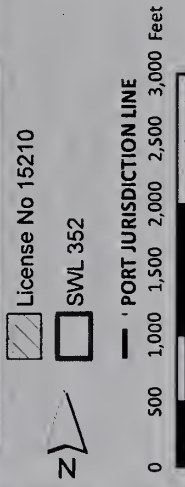




# EXHIBIT A

LICENSEE: GOLDEN GATE AUDUBON SOCIETY

PORT OF SAN FRANCISCO







ISLAIS CREEK CHANNEL

SAN FRANCISCO BAY

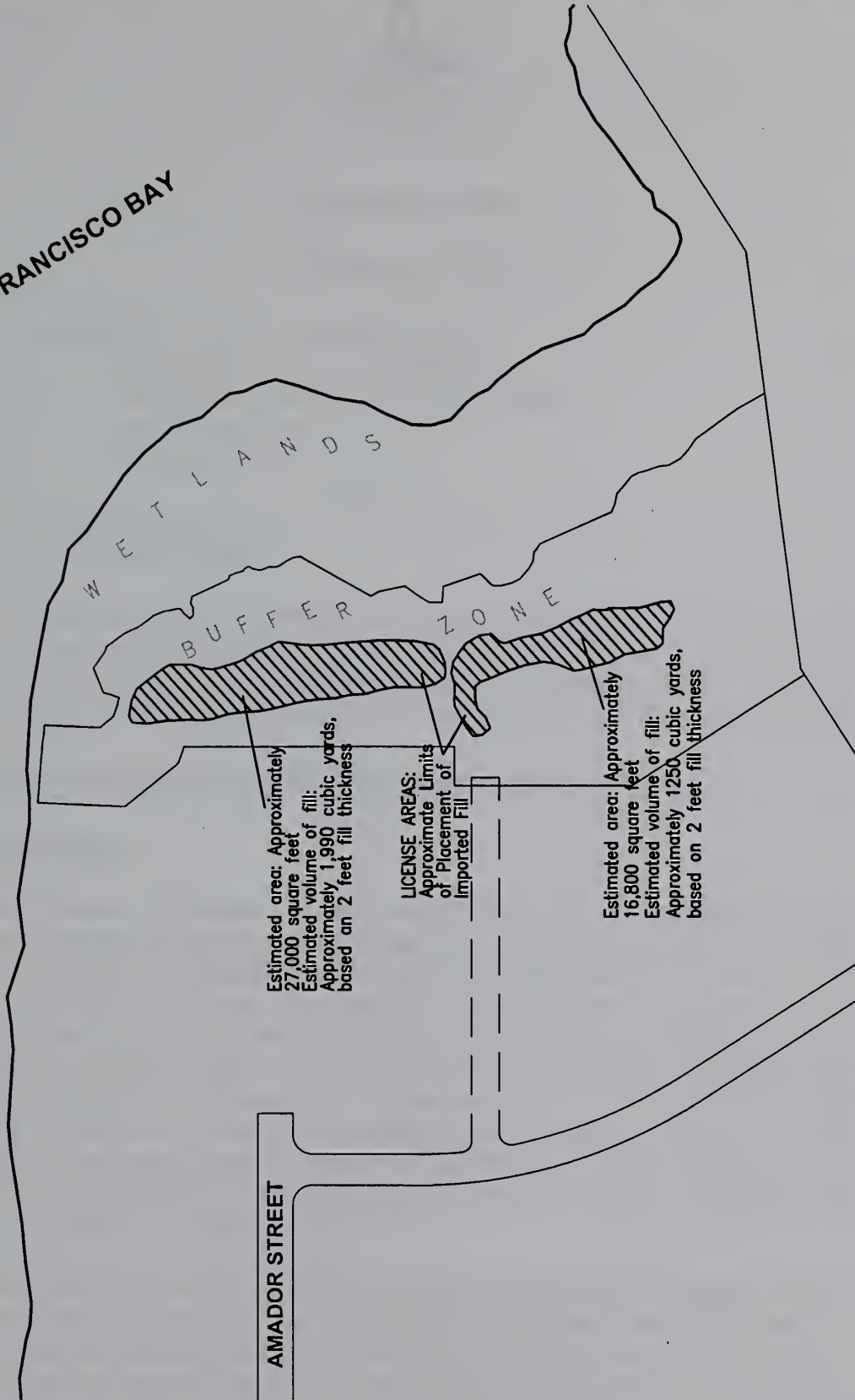



EXHIBIT B

INITIALS: PORT: \_\_\_\_\_ LICENSEE: \_\_\_\_\_

LICENSE NO. <b>15210</b>	 <b>SAN FRANCISCO PORT COMMISSION</b> PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	LICENSEE <b>GOLDEN GATE AUDUBON SOCIETY</b>	DRAWN BY: AMN	DATE: NOV. 9, 2012
			CHECKED BY: R. SOLIS	SCALE: 1" = 100'
		PLACE CODE NO. <b>3520-00</b>	SHEET NO. 1 OF 1 SHEETS	





## MEMORANDUM

December 6, 2012

**TO:** MEMBERS, PORT COMMISSION  
Hon. Doreen Woo Ho, President  
Hon. Kimberly Brandon, Vice President  
Hon. Willie Adams  
Hon. Leslie Katz

**FROM:** Monique Moyer *M Moyer*  
Executive Director

**SUBJECT:** Request Approval for First Amendment to Lease L-14814 with Andre-Boudin Bakeries Inc., a California Corporation, operating an indoor/outdoor casual dining restaurant located at 2890 Taylor Street for a two year extension from December 31, 2017 to December 31, 2019

**DIRECTOR'S RECOMMENDATION:** Approve Attached Resolution

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### Executive Summary

Andre-Boudin Bakeries ("Boudin") is requesting that the Port Commission grant a two year extension to the above referenced lease for the purposes of making an additional significant investment in the 2890 Taylor Street ("Octagon Building"). Boudin is one of San Francisco's oldest continuously operating companies with roots back to the Gold Rush days of 1849. Boudin cafés and bakeries serve its signature sourdough bread baked daily with a stated mission to offer fresh, quality food at fair, affordable prices. Boudin has a long history of investing in Fisherman's Wharf highlighted by the 2005 opening of a 26,000 square foot demonstration bakery; market; indoor and outdoor café; full-service restaurant; and a Museum & Bakery Tour. The Octagon Building is the site of the Boudin Chowder Hut and Grill, a casual indoor outdoor / dining restaurant extensively remodeled in January of 2011.

Boudin is planning a significant investment to further upgrade the Octagon Building to attract more customers, enhance the overall customer experience and increase revenue to the Port. The proposed scope of work is to convert an under-utilized portion of the existing site (approximately 25% of the premises) into a full service bar and table service dining area with new indoor and outdoor furnishings and updated storefront. The estimated budget is approximately \$350,000 and construction is to commence

**This Print Covers Calendar Item No. 9A**







January 2013 and estimated to be completed at the end of March during the non-peak visitor season. The existing food operation would remain open throughout construction ensuring continuous revenue to the Port and there would be no rent credits provided to offset the new capital improvements.

Under the Port's Retail Leasing Policy the Port Commission can provide for an exception to bidding retail leasing opportunities when (i) the tenant is in good standing, (ii) the tenant is committed to making a significant capital investment in its leasehold which will benefit the Port and (iii) the benefits of direct negotiation outweigh the benefits of competitive bidding. Accordingly, Boudin meets all three requirements as outlined in the Port Commission's Retail Leasing Policy to justify the bidding exemption as requested.

### **Background**

The original Lease was approved through Resolution No. 10-76 at the December 2010 Port Commission meeting. The lease did not require Board of Supervisor approval. On January 1, 2011 the original lease commenced for a seven year term with Boudin paying Base Rent of approximately \$6,000 per month, escalated annually. In addition to Base Rent, Boudin pays Percentage Rent of 9% of the gross sales that exceed monthly Base Rent. Boudin was obligated to invest a minimum of \$335,000 in capital improvements to the interior and exterior of the premises offset by six months of rent credit. That work was timely completed within in the first year and Boudin has been operating as a casual dining restaurant with outdoor self-seating since then.

### **Lease Information and Proposed Revisions**

Boudin is a tenant in good standing, consistently reports revenue in a timely manner, addresses maintenance issues on a regular basis and communicates effectively with Port staff. The Octagon Building is comprised of 1,226 sq. ft. on the first floor, 660 sq. ft. on the mezzanine and surrounded by 2,750 sq. ft. of outdoor dining area separated by a glass partition (see attached floor plan). In the center of the building are two public restrooms that serve the Fisherman's Wharf community.

Port staff has prepared a First Amendment to the Lease extending the term from December 31, 2017 until December 31, 2019 with no further extension options. The amendment continues to escalate the minimum base rent by 3% annually to approximately \$7,500 per month for the first month of the extension term. Per the terms of the existing lease, Boudin will continue to pay, in addition to the monthly Base Rent, the amount of 9% of Gross Sales above base rent. For the most recent twelve month reporting period Boudin paid \$171,000 in rent (approximately \$74,000 in Base Rent and \$97,000 in Percentage Rent). Boudin has projected that gross revenue specifically associated with this portion of the premises will be \$600,000 annually which would correspond to an additional \$54,000 in percentage rent to the Port. The additional \$54,000 of annual revenue represents a 31% increase in same store sales with no corresponding additional cost to the Port.



This First Amendment will also update certain provisions of the Lease to the current standard lease provisions and where applicable, add new City and Port requirements and proposes one revision to an operational aspect of the lease. The current lease obligates Boudin to clean, maintain and provide utilities to the public restrooms within the Octagon building in return for a \$2,000 per month rent credit from Base Rent. The amount of the reduction is approximately equivalent to the Port's share of the costs of janitorial service and will not change during the term. Boudin has a unilateral right to close the restrooms to public use and, if exercised, would be required to pay an additional \$2,000 in Base Rent. The First Amendment revises the unilateral decision to a mutual agreement of both Boudin and the Port as to the right to close the public restrooms to ensure that adequate restrooms are made available to the public within the Wharf.

### **Conclusion**

From the Port staff's perspective there are financial and public benefits to approving the proposed amendment. Currently the portion of the premises for the proposed project overlooks the new West Plaza and has a bay view. This portion of the space is under-utilized and primarily serves as additional seating for visitors on peak days. By activating this portion of the premises the visitor to Fisherman's Wharf will have an attractive option to enjoy some food and beverage in an outdoor setting protected from the wind and sun. From a financial perspective, the Port expects the capital improvement invested by Boudin to generate a significant increase in percentage rent. The activation of the space will be documented through a First Amendment to the Lease and will require a building permit through the Port. The work will occur off season and is contained within the existing site minimizing the impact to the Fisherman's Wharf community.

### **Recommendation**

Port staff, in consultation with City Attorney, has prepared a First Amendment, subject to the Port Commission approval. The Port staff believes it is prudent and advisable to seek Port Commission approval to the First Amendment under the Port Retail Leasing Policy.

Prepared by: Jay Edwards, Senior Property Manager

For: Susan Reynolds  
Deputy Director, Real Estate

### **Attachments**

Site Map and Floor Plan  
Scope of Work Plan



**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 12-94**

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and
- WHEREAS, pursuant to Port Commission Policy No. 93-52, it is the policy of the Port Commission to competitively bid retail leasing opportunities; and
- WHEREAS, the Port Commission provides for an exception to bidding retail leasing opportunities under the Retail Leasing Policy when 1) the tenant is in good standing; 2) the tenant is committed to making a significant capital investment in its leasehold which will benefit the Port; and 3) the benefits of direct negotiation outweigh the benefits of competitive bidding; and
- WHEREAS, Andre-Boudin Bakeries, Inc. ("Boudin") operates a restaurant located at 2890 Taylor for a seven year term under lease L-14814 approved by the Port Commission Resolution 10-76 on December 14, 2010; and
- WHEREAS, Boudin is a tenant in good standing and is prepared to make additional improvements of approximately \$350,000 at no cost to the Port that will benefit the Port and Boudin; and
- WHEREAS, the Port Commission requires the tenant to be in good standing with a sound business plan that requires a capital investment in its leasehold and the Tenant's current lease is insufficient to support the execution of the business plan; and
- WHEREAS, the Port and Boudin have completed lease negotiations and wish to enter into a First Amendment to the Lease as outlined in the Staff Report accompanying this Resolution; therefore be it
- RESOLVED, that the Port Commission approves the First Amendment to the Lease and authorizes the Executive Director or her designee to execute the First Amendment; therefore be it further











RESOLVED, that the Port Commission authorizes the Executive Director to enter into any additions, amendments or other modifications to the Lease that the Executive Director, in consultation with the City Attorney, determines are in the best interests of the Port, do not materially increase the obligations or liabilities of the City or the Port and are necessary or advisable to complete the transactions which the Lease contemplates and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the Lease, and any amendments thereto.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of December 11, 2012.***

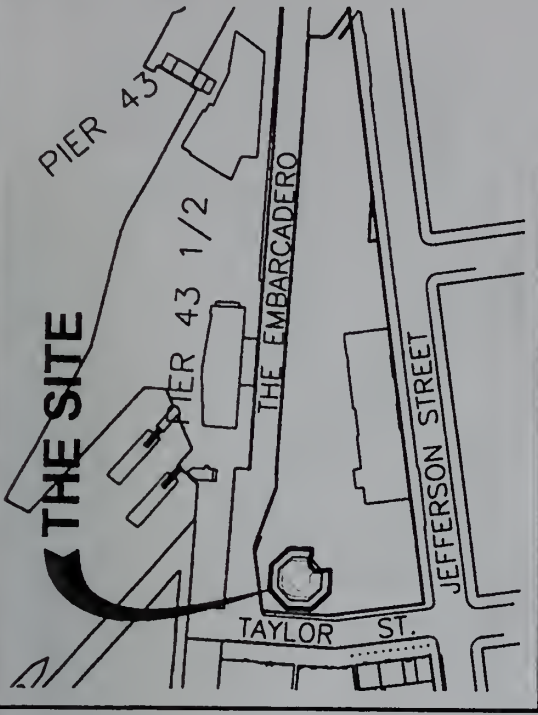
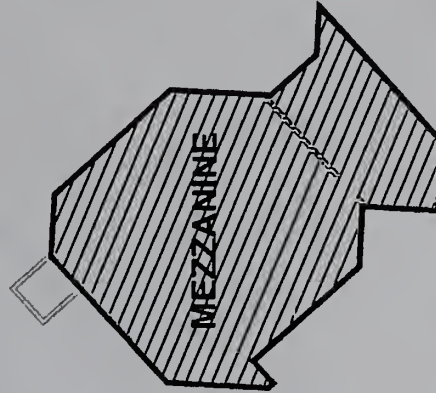
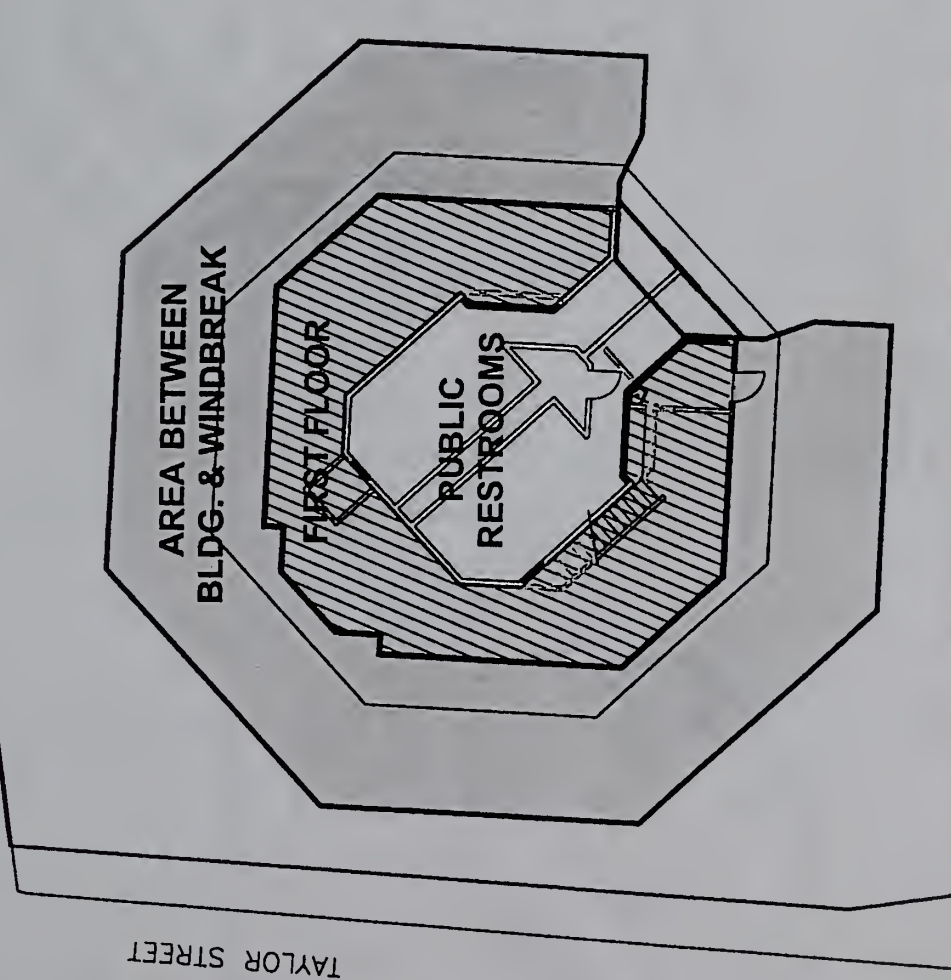
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Secretary



- PARCEL A  FIRST FLOOR AREA = 1,226 SQ. FT.
- PARCEL B  MEZZANINE AREA = 660 SQ. FT.
- PARCEL C  AREA BETWEEN BLDG. & GLASS WINDBREAK = 2,749 SQ. FT.
- PARCEL D  PUBLIC RESTROOMS = 765 SQ. FT.

# EXHIBIT A



LEASE NO. <b>L-14814</b>	 <b>SAN FRANCISCO PORT COMMISSION</b> PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	TENANT <b>SEAWALL LOT 301 ANDRE BOUDIN BAKERIES, INC.</b>	DRAWN BY: ECC, AMN	DATE: FEB 11, 2010
			CHECKED BY: J. BAUER	SCALE: 1" = 100'
PLACE CODE NO. 3010-BL001-1			SHEET NO. 1	OF 1 SHEETS

C:\OS PROPERTY FILES\Lease Maps\EXHIBITS-SM\A-SM-301\SM-301 OCTAGON ANDRE BOUDIN.dwg

INITIALS: PORT: \_\_\_\_\_ TENANT: \_\_\_\_\_



CHOWDER HUT BAR & GRILL  
 2890 TAYLOR STREET  
 SAN FRANCISCO, CA 94133

SEATING		
ROOM	SEAT COUNTS	
BAR	8 + 1 H.C.	
BAR LOUNGE	12	
BAR PATIO	12	
PATIO EAST	24	
PATIO NORTH	24	
TOTAL	81	

TAYLOR STREET

SIDEWALK  
 RIGHT OF  
 WAY

PLANTER  
 GATE AND  
 STANCHION

THE EMBARCADERO

GLASS  
 WINDSCREEN  
 - 7'-0" (H)OY

GROUND FLOOR PLAN

1/16"=1'-0"

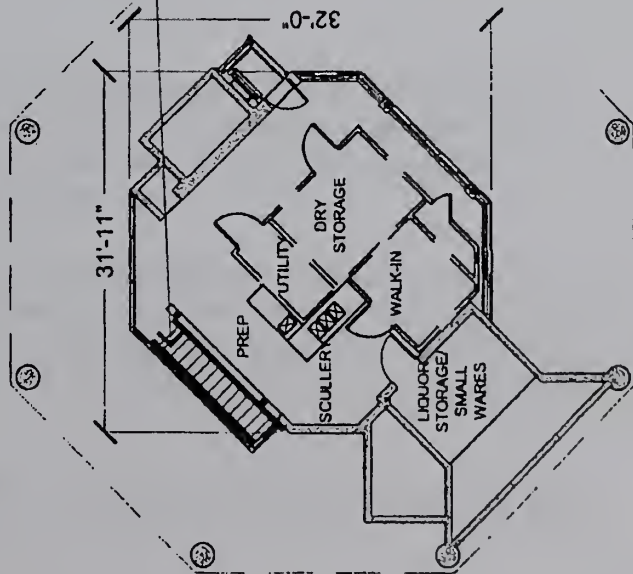
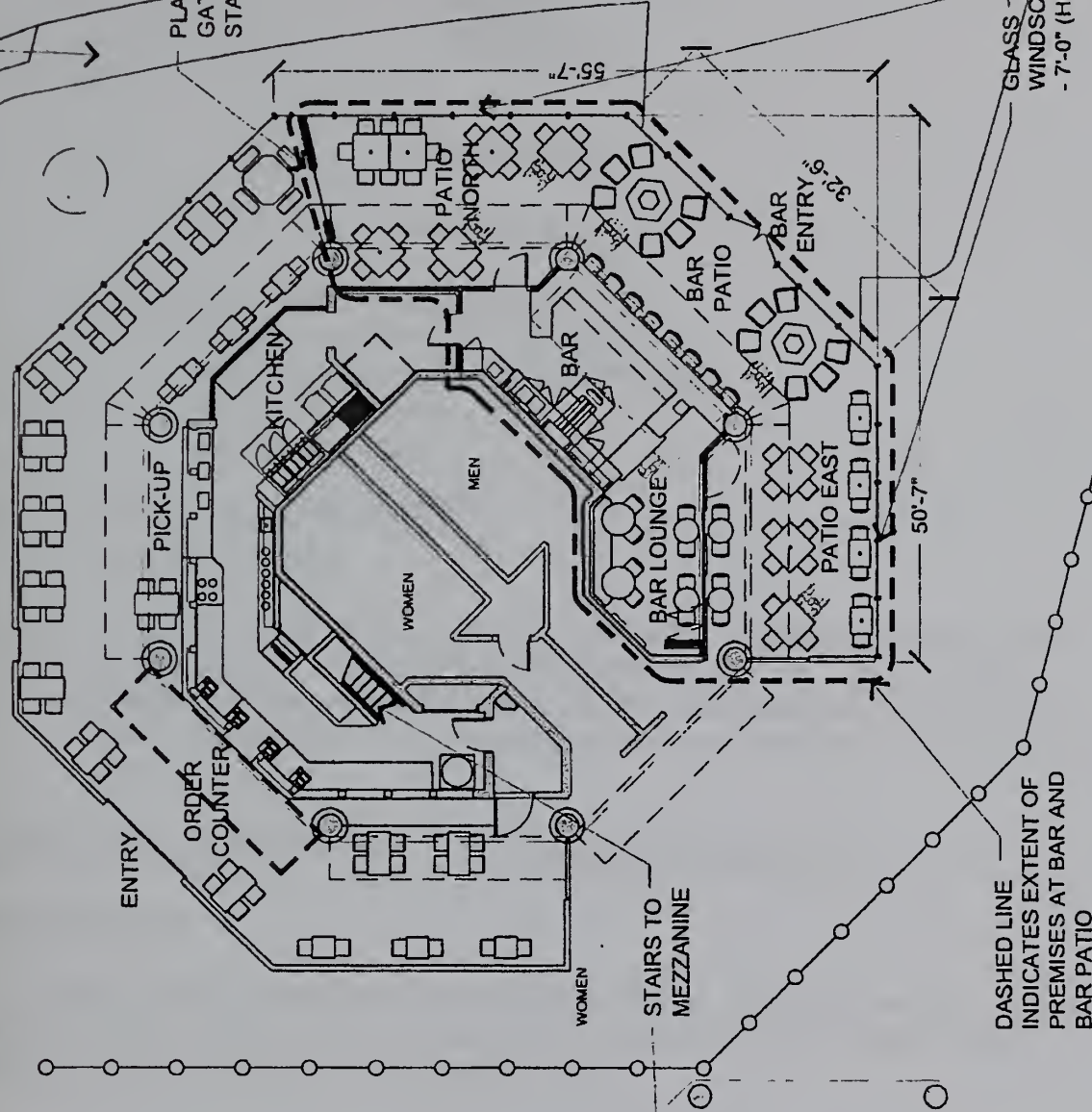
1



MEZZANINE FLOOR PLAN

1/16"=1'-0"

2











## MEMORANDUM

December 6, 2012

**TO:** MEMBERS, PORT COMMISSION  
Hon. Doreen Woo Ho, President  
Hon. Kimberly Brandon, Vice President  
Hon. Willie Adams  
Hon. Leslie Katz

**FROM:** Monique Moyer *MMoyer*  
Executive Director

**SUBJECT:** Request authorization to enter into exclusive negotiations with Bo's BBQ of SF, LLC, the most qualified respondent to the 295 Terry Francois Boulevard Request for Proposals ("RFP") issued August 14, 2012 for a retail restaurant lease for the development and operation of the restaurant site

**DIRECTOR'S RECOMMENDATION:** Approve Attached Resolution

---

### Executive Summary

Port staff is requesting that the Port Commission authorize Port staff to enter exclusive negotiations with the most qualified Respondent to the RFP for 295 Terry Francois Boulevard (the "Site"). See attached location map.

### Background

On August 14, 2012, Port staff requested and received authorization from the Port Commission (Resolution No. 12-63) to issue an RFP for a restaurant operator for the development and operation of the restaurant site located at 295 Terry Francois Boulevard, formerly known as Jelly's a Dance Café.

The Port solicited proposals from qualified restaurant operators ("Respondents") for the design and renovation of the existing building and operation of a new restaurant at the Site located near Pier 48. On August 15, 2012, the Port issued an RFP. The RFP was extensively advertised in print advertisement\*, on the City's website, and on the Port's website.

**THIS PRINT COVERS CALENDAR ITEM NO. 9B**



A minimum base monthly rental rate was not set in the RFP. Instead, the Port required Respondents to propose a base monthly rate comparable to like situations in the market, and annual rental adjustments comparable to like situations in the market. A period of rent abatement for the purpose of constructing improvements may be included. Submittals

\*Note: China Press, San Francisco Examiner, Mercury News, Oakland Tribune, Philippine News, and the Bayview Newspaper. required a percentage rent payable to the Port on gross receipts for food, beverages and merchandise not less than 7% and should be comparable to like situations in the Market. The minimum initial term of the lease should not exceed 15 years. Respondents were allowed to propose extension option(s).

The Port's objective was to select the most qualified Respondent that has the demonstrated ability to finance, design, construct, and operate a restaurant on the Site, with the goal of negotiating a lease and related documents for the development and lease of the Site. The RFP further stated that the Port Commission intends to select a Respondent that can successfully provide a high quality casual dining restaurant with on-premises dining to serve the southern waterfront community and the larger San Francisco Bay Area community.

The Port received proposals from four entities: Bo's BBQ of SF, LLC ("Bo's"); ESSF, SF California; Stripes Tavern, and Rocks & Brews San Francisco, LLC. It was determined by the selection committee that Rock and Brews' proposal, the fourth Respondent, was non-responsive.

The RFP included selection criteria to evaluate each proposal with a scoring range of 1-5 with 5 being the highest score. The criteria included the following standards:

A	the experience and organization of the respondent team
B	the experience and reputation of the restaurant operator
C	the quality and uniqueness of the restaurant concept
D	the experience and qualification of the design consultants
E	the scope and quality of the proposed building renovation
F	the financial capacity and plan of the Respondent
G	the economic return to the Port
H	financial viability of the proposal
Other	other factors including community support and the approvability of the project in accordance with required regulatory approvals.

Following the initial review of the written responses, the selection committee interviewed the three responsive Respondents. The resulting scores include the written and interview scores. This chart shows the total scores received and assigned to each Respondent. A detailed summary scoring sheet is attached hereto.

Stripes Tavern	ESSF SF, Ca.	Bo's BBQ of SF, LLC
161	212.5	226





The selection committee was comprised of four Port staff members who individually and independently scored each proposal based on the evaluation criteria noted above. As a result of the selection committee's review, scoring, and interview of the Respondents and respective proposals, the selection committee is recommending that the Port Commission authorize Port staff to negotiate with Bo's. Of the respondents, Bo's best meets the Port's need for an experienced, financially capable restaurant operator. Bo's also has demonstrated a strong understanding of the restaurant development process. A comparison of the proposes is attached hereto.

### Bo's BBQ

Bo McSwine, Chef, is a native of Mississippi and grew up in the restaurant business helping his mother and grandmother. Bo's has operated his current location in LaFayette since 1999. Although he was born in the Deep South and reared in Chicago, Bo found his destiny manning a barbeque in Lafayette. Drawn to the West Coast in 1970 by graduate studies in psychology, Bo is a committed social activist, spent years working in outreach positions for the University of California. Along the way, he helped run the storied north Beach jazz club, Keystone Korner, where he convinced musicians booked at the venue to offer free afternoon workshops for kids.

Today, all of McSwine's passions have come together at Bo's Barbecue, his restaurant that draws barbecue aficionados eager to savor his smoked meats. Since opening the restaurant seven years ago, he's become involved in the community, supporting libraries, Little League and other organizations.

Bo's was named one of the top five BBQ restaurants in the Bay Area in 2012 by Zagat's. The San Francisco Chronicle Magazine named Bo's one of the top 100 restaurants in the Bay Area (4 consecutive years), and Sunset Magazine named Bo's one of the top 10 best Barbeques in the West in 2012.

Michael Bloom, Chief Financial Officer, is an entrepreneur, and financial executive. Michael has raised over \$20 billion for over 100 companies in the Bay Area. Michael has an extensive restaurant background that includes the development of the Morton's Steakhouse chain.

The proposed concept is a family style restaurant welcoming everyone from the neighborhood. The space will have an open floor plan. The dining area will feature comfortable seating and the ability to gather in large groups or small. Upstairs will offer a cozier den-like experience. There will be a full bar for those customers who want to socialize and watch sports. There will be an adjacent enclosed patio area that will be adjoined by a rolling glass door. Bo's will regularly feature local blues and jazz musicians.

### EXCLUSIVE NEGOTIATIONS

As provided in the RFP, after evaluation and determination of the most qualified Respondent and following Port Commission approval, Port staff will enter into an exclusive negotiation period for up to 60 days with the goal of:





- Negotiating a standard retail lease agreement and related documents, for the lease and renovation of the Site. The lease will incorporate the specific terms including, but not limited to, the Port's and lessee's responsibilities, the length of the lease, the economic parameters, development standards and requirements, and a performance schedule as further described in the RFP;
- Bo's will complete its "due diligence" review of the Site, finalize financial projections, and complete preliminary development plans including, but not limited to, floor plans, elevations, and renderings for the Site; and
- Bo's, with the Port's assistance, will complete the project approval processes and any required supplemental environmental review documents.

The period of exclusive negotiations may be extended solely at the Port's option. It is important to note that the Port Commission's action constitutes authorization to negotiate for a lease agreement on terms acceptable to both Port and Bo's. It does not constitute acceptance of the terms of Bo's proposal, and Port staff will negotiate to obtain the best overall deal for the Port consistent with the project objectives.

Following the successful negotiation of a lease, Port staff will return to the Port Commission to seek approval of the lease, subject to approval of the Board of Supervisors.

If Port staff and Bo's are not successful in agreeing to mutually acceptable terms and conditions for a lease during the exclusive negotiation period, Port staff requests that the Port Commission authorize staff to begin exclusive negotiations for a period of up to 60 days with the next qualified respondent, ESSF SF, CA, is currently a Port tenant and the Hivive Restaurant at Pier 28 ½. Hivive is considered a top tier tenant.

### **Projected Next Steps**

- Port Commission authorization to begin exclusive right to negotiations: December 11, 2012.
- Lease negotiation anticipated completion: January 1, 2013.
- Port Commission approval of lease anticipated: January 24, 2013.
- Board of Supervisors' approval anticipated: February/March 2013.
- Lease commencement date anticipated: March/April 2013.

### **STAFF RECOMMENDATION**

Port staff recommends that the Port Commission approve the attached Resolution authorizing exclusive negotiations with Bo's BBQ of SF, LLC, for the development and operation of the restaurant site located at 295 Terry Francois Boulevard on such terms and conditions as are described in this staff report, and if such negotiations are unsuccessful, Port staff further recommends that the Port Commission authorize staff to begin exclusive negotiations for a period of up to 60 days with the next qualified respondent.



Prepared by: Jeffrey A. Bauer, Senior Commercial Leasing Manager  
Elsa Lamb, Commercial Property Manager

For: Susan Reynolds  
Deputy Director, Real Estate

**Attachments:**

A-Site Map

B- Summary of Scores



## **PORT COMMISSION**

### **CITY AND COUNTY OF SAN FRANCISCO**

#### **RESOLUTION NO. 12-95**

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and
- WHEREAS, pursuant to Port Commission Resolution No, 93-52 as amended by Resolution No. 11-15 in March 2011 (the Retail Leasing Policy), it is the policy of the Port Commission to competitively bid retail leasing opportunities; and
- WHEREAS, on August 15, 2012, the Port issued a Request for Proposals ("RFP") (Port Commission Resolution No. 12-63), of a restaurant site located at 295 Terry Francois Boulevard for the development and operation of the restaurant site; and
- WHEREAS, on the basis of certain selection criteria to evaluate each proposal including as a result of the review, scoring, and interview of the Respondents and their proposals, Bo's BBQ of SF, LLC was found to be the most qualified respondent and Port staff is recommending that the Port Commission authorize Port staff to enter into exclusive negotiations with Bo's of SF, LLC, and
- WEREEAS, Bo's is a limited liability company that intends to offer a family-style restaurant serving barbeque cuisine; and
- WHEREAS, if Port staff and Bo's are not able to agree to mutually acceptable terms and conditions for a lease during the 60 day exclusive negotiation period, Port staff requests that the Port Commission authorize staff to begin exclusive negotiations for a period of sixty days with the next qualified respondent, ESSF SF, CA, a limited liability company and current Port tenant at the Hi-Dive; and
- WHEREAS, the entering into exclusive negotiations does not commit the Port Commission to approval of a final lease or related documents, and the negotiations lease is subject to Port Commission and Board of Supervisors' approval at their sole discretion, and
- WHEREAS, the permitted use will be a continuation of the existing and related use and is therefore covered under the General Rule Exclusion pursuant to the California Environmental Quality Act; now, therefore be it





RESOLVED, the Port Commission has reviewed the Port staff recommendation set forth in the Memorandum to Port Commissioners dated December 6, 2012 for Agenda Item 12A and based on the information set forth therein authorizes Port staff to exclusively negotiate with Bo's BBQ of SF, LLC who best meets the qualification requirements for redevelopment and operation of a restaurant site at 295 Terry Francois Boulevard pursuant to the RFP and if these negotiations fail the Port staff is authorized to negotiate with the next most qualified Respondent, ESSF SF, CA; and be it further

RESOLVED, this authorization does not constitute on acceptance of the terms of Bo's BBQ of SF, LLC proposal, but Port staff is directed to negotiate a lease agreement and related documents on terms acceptable to Port and Bo's BBQ SF, LLC that provide maximum benefits to the Port consistent with the RFP's objective.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of December 11, 2012.***

---

Secretary



## Summary of Scores

	ML EL DB JB Total						ML EL DB JB Total						MIEL DB JB Total						ML EL DB JB Total							
Rock & Brews						Stripes Tavern						ESSF						Bo's BBQ								
A	3	2	3	3	11		5	5	3.5	4	17.50		4	5	5	5	18.5		3.5	5	4	3	15.5			
B	3	2	3	3	11		4	3	3	5	15		4	5	5	5	19		4	5	4	4	17			
C	2	2	2	2	8		4	3	3	3	13		4	4	4	4	16		3	5	3.5	3	14.5			
D	2	2	2	3	9		4	5	3	4	16		4	5	4	5	18		3	5	4	4	16			
E	0	2	1	2	5		5	5	3	2	15		4	4	4	5	17		3.5	5	4	4	16.5			
F	3	2	2	3	10		3	2	2	3	10		3	3	3	3	12		5	4	4	5	18			
G	1	2	2	2	7		2	3	3	3	11		3	3	3.5	4	13.5		4	4	4	5	17			
H	1	2	1	1	5		2	2	2	3	9		2	4	3	4	13		5	5	5	4	19			
Other	2	2	3	1	8		4	2	3	4	13		5	4	5	5	19		5	5	3	4	17			
Totals					74.00					119.50								146.00								150.50
Interview Scores					0					41.5								66.5								75.5
Grand Totals					74.00					161.00								212.50								226.00

### Standard Criteria:

A	the experience and organization of the respondent team
B	the experience and reputation of the restaurant operator
C	the quality and uniqueness of the restaurant concept
D	the experience and qualification of the design consultants
E	the scope and quality of the proposed building renovation
F	the financial capacity and plan of the Respondent
G	the economic return to the Port
H	financial viability of the proposal
Other	other factors including community support and the approvability of the project in accordance with required regulatory approvals.



SAN FRANCISCO BAY



PIER 48

PIER 50

PIER 52

CHINA BASIN

THIS SITE

TERRY FRANCOIS BLVD

MISSION ROCK ST

SWL 337

THIRD STREET

McCOVEY COVE

GIANTS' BALLPARK

SAN FRANCISCO PORT COMMISSION  
PORT OF SAN FRANCISCO  
DEPARTMENT OF ENGINEERING

DRAWN BY: EDC  
CHECKED BY: J. BAUER  
PLACE CODE NO.  
DATE: ANY DAY  
SCALE: ANY SCALE  
SHEET NO.  
1485-BLOO1  
OF SHEETS

6/107 3/11/11 10:00 AM







## MEMORANDUM

December 6, 2012

**TO:** MEMBERS, PORT COMMISSION  
Hon. Doreen Woo Ho, President  
Hon. Kimberly Brandon, Vice President  
Hon. Willie Adams  
Hon. Leslie Katz

**FROM:** Monique Moyer *M Moyer*  
Executive Director

**SUBJECT:** Informational presentation on the Status of the Port of San Francisco's Blue Greenway Projects

**DIRECTOR'S RECOMMENDATION:** No Action Required

---

### Summary

The Blue Greenway is a City of San Francisco project to improve and expand the public open space network along the City's central and southern waterfront, from China Basin Channel to the San Francisco southern County Line (*see Exhibit A, Blue Greenway Map*). Its focus is to define how new parks and public spaces can be created to complement and connect with existing open spaces in the industrial and mixed use area. Collectively, the Blue Greenway is intended to define how San Francisco will carry out improvements to meet waterfront open space and recreational objectives set forth by the Port's Waterfront Land Use Plan, the City's General Plan and be consistent with the Association of Bay Area Governments (ABAG) San Francisco Bay Trail and Bay Area Water Trail Plans.

The City of San Francisco's 2008 Proposition A Clean and Safe Parks General Obligation Bond (2008 Parks Bond) provided the Port with funding to take a leadership role on advancing the Blue Greenway and to conduct a community planning process for the Blue Greenway. The Planning process included citywide inter-agency collaboration to make certain that implementation of the Blue Greenway is done in a cohesive manner. The 2008 Parks GO Bond proceeds along with additional funds leveraged by the Port has allowed the Port to implement many of its Blue Greenway projects.

The Port Commission has routinely been given updates on the status of the Blue Greenway and individual projects as summarized in *Exhibit B, Blue Greenway*

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*Presentations to Port Commission.* In addition, consistent with the promise to voters for the 2008 Clean and Safe Parks GO Bond, Port staff continue to prepare monthly reports available on the Port's web site providing the status of each of the Blue Greenway projects schedule and budget.

Since the passage of the 2008 Parks GO Bond, the Port has opened up an additional 1200 linear feet of previously inaccessible Bay shoreline, expanded its parks area by over 2 acres, closed a ¾ mile gap in the bicycle system and removed 5000 cubic tons of debris from the Bay along the Blue Greenway. Within the next few years, we anticipate adding an additional 5 acres of new parkland, an additional 1500 linear feet of access to the bay shoreline, and removal of approximately 25,000 square feet of pile supported fill from the Bay.

This staff report will provide a brief summary of the status of each of the Port's Blue Greenway projects.

## **Project Updates**

The following briefly describes the status of each of the Port's current Blue Greenway projects that are either constructed or in the design or planning phase.

### Blue Greenway Planning and Design Guidelines - *Estimated Completion: January 2013*

The Planning and Design Guidelines are the guide that the Port will use to guide the implementation of projects within the Port's jurisdiction. It is also being utilized by other City agencies to guide the development of the Blue Greenway that is not within the jurisdiction of the Port. The Port is finalizing the Planning and Design Guidelines based upon the public comments received and anticipates finalizing them by January 2013.

### Blue Greenway Signage and Way-finding – *Estimated Completion: August 2013*

Through the Blue Greenway Planning and Design guidelines process, the Port developed a Concept plan for a way-finding system along the Blue Greenway. The Port has retained Creegan and D'Angelo/FE Jordan with Kate Keating and Associates to complete the detail design of the signage program. The Port anticipates installation of 10 signs between Mission Creek and Heron's Head Park by August of 2013. The design allows other City agencies to duplicate the signs off Port property and has been designed to allow portions of the design to be utilized on the northern waterfront should it be deemed appropriate.

### Blue Greenway Public Art – *Estimated Completion: Late 2013 and Early 2014*

Public Art is being funded through two sources along the Blue Greenway, including through the San Francisco Arts Commission (SFAC) Art Enrichment Program and from the Port's Southern Waterfront Beautification Funds. The Port has retained the SFAC to assist with project delivery on three initial projects. For the Pier 92 Grain Silos, the SFAC issued a call for qualifications and a jury selected 4 artists to develop concepts for this project, the four artists include: Laura Haddad, Benjamin Ball, Rigo 23 and Cameron McNall. Proposals are due in late December and will be displayed for public review and comment in January. The panel will reconvene and select an artist to execute the proposal. It is anticipated that the project will be installed in late 2013.





The other two public art projects include art as a component of the *Bayview Gateway* and within the new *Heron's Head Park* improvements as further described below, these projects will likely be installed in early 2014.

Mission Bay - Bayfront Park Shoreline – Completed February 2012

In February of 2012, the Port completed and opened up 1,200 linear feet of shoreline previously inaccessible to the public. The project removed approximately 5000 cubic tons of debris from the Bay, improving the appearance and conditions of the shoreline edge. In addition, the port installed a temporary pathway, some benches and waste receptacles, until which time Bayfront Park is constructed as a part of the Mission Bay Project. The project was delivered under budget allowing approximately \$400,000 to be utilized on other Blue Greenway projects.

Crane Cove Park- Pier 70 - Estimated Completion of an initial phase: mid 2015

In June and July of this year the Port hosted two community meetings to review two Alternative Park Concept Plans. Public comments on the Concepts were received at the workshops and through an online survey. A summary overview of the comments received is included in *Exhibit C - Crane Cove Park Public Comments*.

In December and January a draft Concept Plan, Phasing Plan and Preliminary Cost estimate will be presented for review to the Port Commission, community and other regulatory partners. It is anticipated that a final Park Plan and phasing strategy will be completed in the spring of 2013 and detail design of an initial phase will begin in the summer of 2013. Construction of an initial phase of the park will likely occur in mid-2014. ([www.sfport.com/cranecovepark](http://www.sfport.com/cranecovepark))

Tulare Park- Islais Creek North (Illinois to Third Street) – Estimated Completion: 2013

Tulare Park is a small shoreline open space originally created in the early 1970's, the park is being redesigned to be compliant with the Americans with Disabilities Act. The project is being funded through a combination of 2008 Parks GO Bond funds and a Grant from the State of California Resource Agency. DPW has completed 30% of the detail design and it is anticipated the design will be completed by December 2012 and construction will begin in early 2013.

Copra Crane – Pier 84 – Islais Creek- Estimated Completion: Late 2013

Port staff continues to work with the Copra Crane Labor Landmark Association and the International Longshoreman's & Warehouse Union on the rehabilitation of the Copra Crane as a Labor Landmark. In September of 2011, the Port working with the San Francisco Municipal Transportation Authority, removed the Copra Crane from its platform. Concern about the crane's potential collapse from nearby pile driving required the Port and SFMTA to take the emergency action to remove it from the Creek. Port staff, working with the State Coastal Conservancy and San Francisco Bay Conservation Development Commission has applied for a grant to restore the Copra Crane to its original location and to remove the former Pier 84 wharf structure. These two projects will improve the existing and planned public access along the shoreline edge, improve recreational boating navigation in the creek and improve the visual and environmental conditions of the area. If awarded, the Port will begin the design process in January 2013 and reinstall the crane and remove the wharf area in late 2013.





### Bayview Gateway - Islais Creek South (Illinois to Third Street) – Estimated Completion: 2013

The Bayview Gateway Open space project is an expansion and complete redesign of the area bounded by Islais Creek on the north, Third Street on the west, Illinois Street on the east and Cargo Way on the south. The design concept went through an in depth review process with the Port Commission, Southern Waterfront Advisory Group and many neighborhood and open space stakeholders. A component of the park design includes the design and installation of a permanent public art piece at the corner of Third and Cargo Way. Additionally, seating, plantings, pathways and site interpretation about the site's natural and cultural history will be displayed throughout the open space. The San Francisco Department of Public Works (DPW) has completed 30% of the detail design and anticipates the design will be completed by December 2012, allowing construction to begin in early 2013.

### Cargo Way Bicycle Lanes - Completed: August 2012

In 2010 the Port applied for and received an \$185,000 grant from the Metropolitan Transportation Commission and a \$70,000 grant from the State Coastal Conservancy through the Association of Bay Area Governments Bay Trail Program. In Addition, the Port allocated \$125,000 of its Southern Waterfront Beautification funds and staff time and the SFMTA allocated \$51,000 to help construct the City of San Francisco's first "cycle track" a protected bi-directional bicycle facility. The project closes a ¾ mile gap in the Blue Greenway and included the first of its kind (in San Francisco) bicycle priority signaling for cyclist. This project illustrates a creative solution to accommodating multiple modes of traffic in an industrial setting. The project was completed in August of 2012 and has been met with positive feedback from all users.

### Heron's Head Park Expansion and Improvements - Completed: September 2012

Improving the entrance and expanding Heron's Head Park to offer a larger variety of uses was a project prioritized and funded by the 2008 Parks GO Bond. The Port working with the community and the Department of Public Works Landscape Architects developed a design that met the variety of stakeholder objectives. Improvements included: new pathways, picnic and barbeque areas, a multi-use meadow, off leash dog run, composting restrooms, drinking fountains, a new park sign, waste and recycling containers, and a utility court, parking area, solar lighting and reconstruction of the pathway in the existing park. The Port is working with the Art's Commission to create a permanent piece of public art to be installed in late 2013. The new park area opened in mid- September and is being utilized and appreciated by a variety of stakeholders.

### **Next Steps**

The Port will continue to work with its stakeholders and partners to implement the variety of Blue Greenway improvements within its jurisdiction and support the efforts of the other City agencies working on their projects. In addition we will continue to seek additional funds required to complete the Port's portions of the Blue Greenway.



Monthly reports for each of the 2008 GO Bond projects for the Blue Greenway are available on the Port's web site.

Prepared by: David Beaupre  
Senior Waterfront Planner

Prepared for: Byron Rhett, Deputy Director  
Planning and Development

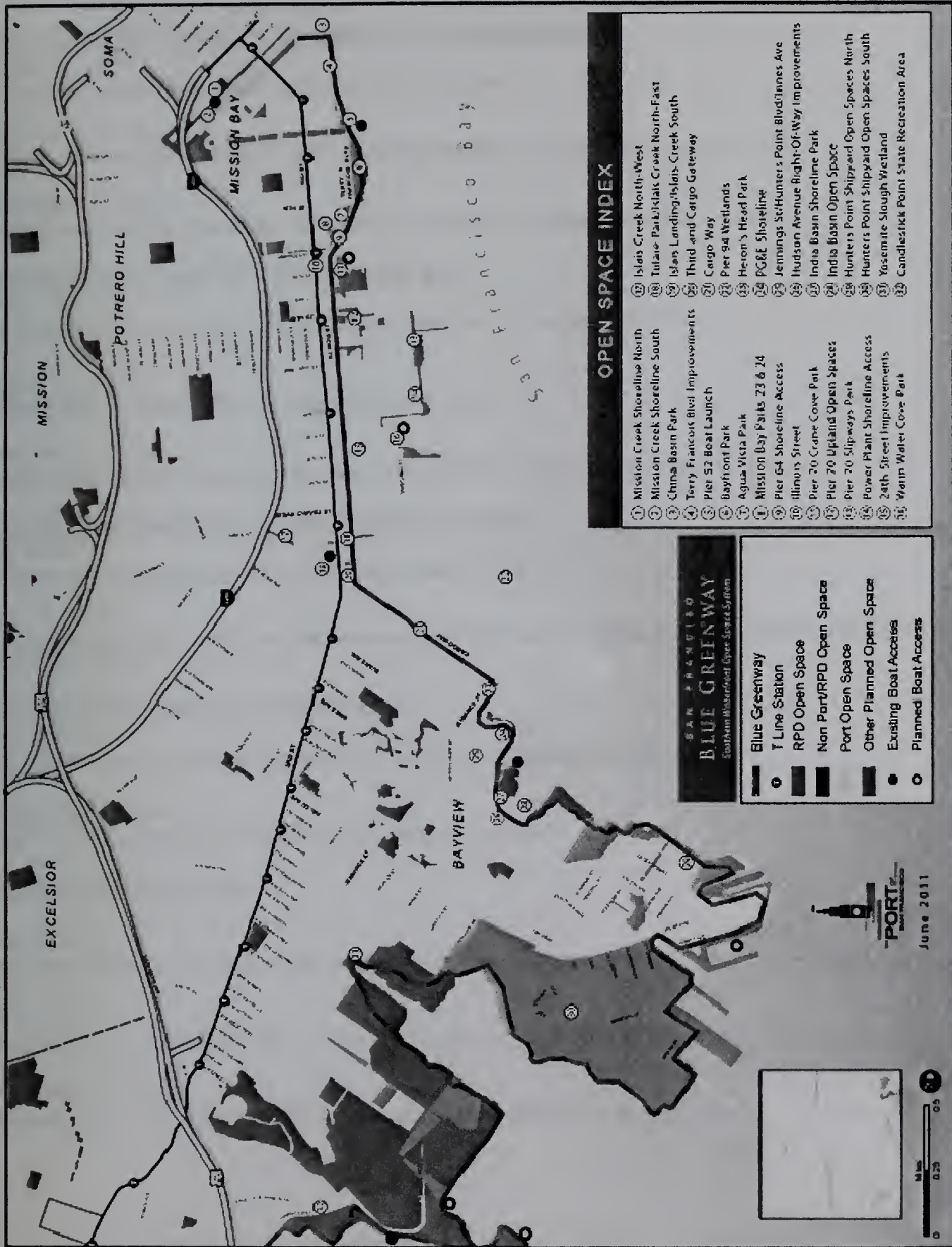
Exhibit A – Blue Greenway Map

Exhibit B – Blue Greenway Presentations to Port Commission

Exhibit C – Crane Cover Park Public Comments



Exhibit A. Blue Greenway Map









## **Exhibit B**

### **List of Blue Greenway Presentations to Port Commission**

(Between November, 2008 – July 2011)

#### **2008 Proposition A General Obligation Bond Status Report**

January 11, 2011

<http://www.sfport.com/Modules/ShowDocument.aspx?documentid=492>

February 9, 2010

<http://www.sfport.com/ftp/uploadedfiles/meetings/supporting/2010/Item%207A%20GO%20Bond%20Update.pdf>

September 8, 2009

<http://www.sfport.com/ftp/uploadedfiles/meetings/supporting/2009/Item%2012A%20Gen%20Ob%20Bond.pdf>

#### **Blue Greenway Planning & Design Guidelines**

July 12, 2011

<http://www.sfport.com/Modules/ShowDocument.aspx?documentid=1917>

August 19, 2010

<http://www.sfport.com/Modules/ShowDocument.aspx?documentid=46>

February 10, 2009

<http://www.sfport.com/ftp/uploadedfiles/meetings/supporting/2009/Item%209a%20Blue%20Greenway.pdf>

#### **Heron's Head Park Entrance Improvement Project**

May 5, 2011

<http://www.sf-port.org/modules/ShowDocument.aspx?documentid=1391>

May 10, 2010

<http://www.sfport.com/ftp/uploadedfiles/meetings/supporting/2010/Item%2010A%20Heron%27s%20Head%20Park%20Concept%20Design%20Approval.pdf>

#### **Cargo Way Bicycle Lane Improvements**

July 12, 2011

<http://www.sfport.com/Modules/ShowDocument.aspx?documentid=1917>

September 14, 2011

<http://www.sfport.com/Modules/ShowDocument.aspx?documentid=70>

#### **Crane Cove Park Project**

May 29, 2012

<http://www.sfport.com/modules/showdocument.aspx?documentid=4170>

June 9, 2011

<http://www.sf-port.org/Modules/ShowDocument.aspx?documentid=1783>

December 14, 2010

<http://www.sfport.com/Modules/ShowDocument.aspx?documentid=340>



## **Bayfront Park Shoreline**

June 9, 2011

<http://www.sf-port.org/Modules/ShowDocument.aspx?documentid=1787>

April 21, 2011

<http://sfport.com/Modules/ShowDocument.aspx?documentid=1326>

March 9, 2010

<http://38.106.4.220/ftp/uploadedfiles/meetings/supporting/2010/Item%2012A%20Concept%20Design%20Approval%20Mission%20Bay%20Shoreline%20Protection.pdf>

April 28, 2009

<http://www.sfport.com/ftp/uploadedfiles/meetings/supporting/2009/Item%2010A%20Mission%20Bay%20Shoreline%20Proj%20Auth%20for%20Award%20Engin%20Design.pdf>

January 7, 2009

<http://38.106.4.220/ftp/uploadedfiles/meetings/supporting/2009/Item%2012a%20RFP%20Mission%20Bay%20Shoreline%20Protection.pdf>



## **Exhibit C:**

### **Summarized Comments on Crane Cove Park Alternative Concepts**

The following briefly summarizes comments received on the Crane Cove Park Alternative Concepts presented at the June and July 2012 public workshops and comments received via e-mail or an online survey. The comments are generally organized by commonality of those received. The following is not a comprehensive list of all comments received, but is a summary of issues that were raised by a multiple respondents.

#### Alternative Concept Themes

Two alternatives were presented Alternative 1: Lines and Existing Traces (Line and Traces) focusing on the resources as left from the World War II era and Alternative 2: Patches and Historic Uses (Patches and Uses) which references the various eras of the site.

- In general there seem to be a preference for the adaptive reuse of slipway 4 in Lines and Existing Traces.
- The shoreline treatment of Patches and Historic Uses was preferred.
- Some felt the concept presented in Patches and Uses while interesting may be too abstract for the user to understand.
- Both concepts captured the goal of celebrating and interpreting the site history.
- There was a preference of the grading concept (filling) for access from Illinois Street as presented in Patches and Uses.

#### Program of Uses

- There was strong support for a human powered boating access.
- There was a desire for multi-functional spaces, including multi-purpose green spaces and hardscapes that have flexibility for special events or casual gathering.
- There is a desire to provide a variety of programs that attract a diverse set of users (places for children and the elderly) active and passive, but not active recreation (no ball fields or sports courts).
- The park should have interpretation about the site and all of Pier 70.

#### Adaptive Reuse of Slipway 4

- There was a preference for the "Keel Park" concept that utilized keel blocks and cribbage to reinterpret it for a park function, such as seating, gathering and programmed events.
- The slipway area should be designed to allow flexibility in its programming, but at the same time recognize its original use and function through interpretation.
- The reuse of ship building materials for functional park uses was appreciated, but should be simplified, do not over program the space with too many different objects or remnants.
- There was a divided response regarding the location of the stabilized cranes, some preferred them being together, others like the approach of splitting them up.

#### Human Powered Boating Access

- There was a preference for the concept of an "urban beach" type of landing area as presented in Patches and Uses
- Utilizing Slipway 4 would be acceptable and could potentially be an interim solution
- There is a desire for boat storage for human powered boats
- There is a need to have auto drop off areas for human powered boaters and if possible parking
- There was a desire for either a club or commercial operator to manage the human powered boating facilities





### Boat Yard Relocation

The Patches and Traces Concept considered moving the existing SF Boat Works boat repair yard (next to the Ramp Restaurant), currently located at the terminus of Mariposa Street on Terry Francois Boulevard to the former Slipways 1 and 2 within the current park area near the ship repair operations.

- There were mixed comments regarding the moving concept, some liked the opportunity it created to better connect Crane Cove Park to the Mission Bay Parks, others had concerns about the cost of moving the facility.
- Some felt that we should leave the option to move the use in the future, but not prioritize it in the near future.

### 19<sup>th</sup> Street Design

Two alternative options were considered for the design of 19<sup>th</sup> Street, one was to raise the grade and fill the area near 19<sup>th</sup> street and the other was to create a bridge so that a person could pass under 19<sup>th</sup> Street from the park to the future development area.

- The preferred option was to create a new 19<sup>th</sup> street on fill rather than create a bridge.
- Concerns were raised about safety and security under a bridge.

### Plantings

- It was recommended that where possible the plant material should be native California plants appropriate for a coastal area.
- Plant material should be selected to minimize the need for irrigation and maintenance

### Adjacent Development Parcels

While the focus of the workshops were on the Alternative Concepts for Crane Cove Park, some of the participants raised questions about the planned adjacent development parcels along Illinois Street.

Comments received included:

- Why are the parcels located next to the park, can they be relocated or removed?
- What are the heights of future buildings on the development parcels?
- There was a preference for the Patches and Uses Concept that moved a development parcel located between 18<sup>th</sup> and 19<sup>th</sup> Street to a site to the north (At the existing Boat Repair yard).





## MEMORANDUM

December 6, 2012

**TO:** MEMBERS, PORT COMMISSION  
Hon. Doreen Woo Ho, President  
Hon. Kimberly Brandon, Vice President  
Hon. Willie Adams  
Hon. Leslie Katz

**FROM:** Monique Moyer  
Executive Director *M Moyer*

**SUBJECT:** Informational presentation regarding the proposed City Policy for an Infrastructure Financing District on Port Property

**DIRECTOR'S RECOMMENDATION:** No Action Required

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### Overview

Since 2005, Port has been seeking the authority to capture property tax increment to fund public improvements along the San Francisco waterfront, commencing with the adoption of SB 1085 (Senator Carole Migden), which authorized the Board of Supervisors ("Board") to form infrastructure financing districts ("IFD") that include Port property. Exhibit A contains a list of state and local legislation the Port has pursued to implement IFDs.

This memorandum provides an overview of a proposed Port Infrastructure Financing District policy, in order to establish a Board-endorsed policy framework for the use of Infrastructure Financing District proceeds on Port property to fund (or repay private investment that funds) publicly-owned infrastructure on Port lands, or lands adjacent to Port property.

The City has designated the Capital Planning Committee as the committee that will devise Citywide policies related to Infrastructure Financing Districts both on and off Port property. On November 19, 2012, Port staff made an informational presentation on the proposed policy to the Capital Planning Committee. On December 17, Port staff intends to request the Capital Planning Committee's recommendation of the proposed Port Infrastructure Financing District policy to the Board of Supervisors, for likely consideration by the Board in early 2013.

**THIS PRINT COVERS CALENDAR ITEM NO. 11A**



## **Background**

The Port and the Office of Economic and Workforce Development are collaborating on three major proposed waterfront projects: the GSW Arena LLC multi-purpose entertainment facility on Piers 30-32 and Seawall Lot 330; the Seawall Lot 337 Associates, LLC proposal for 2,500,000 sf of mixed use development on Seawall Lot 337; and the Forest City Development California, Inc. proposal for over 2,500,000 sf of mixed use development at the 25 acre Pier 70 waterfront site. The Port is also pursuing a mixed use development of the historic 20<sup>th</sup> Street buildings at Pier 70 with Orton Development, Inc.

Each of these projects is expected to generate significant growth in possessory interest tax and to require public finance proceeds to fund infrastructure to make the proposed projects financially feasible. Each project sponsor is seeking Port Commission and Board of Supervisors endorsement of a term sheet and a finding of fiscal feasibility within the next year in order to commence environmental review pursuant to the San Francisco Administrative Code.

In addition, the Port has previously proposed the use of IFD proceeds to fund a park as part of the 8 Washington/Seawall Lot 351 development approved by the Port Commission and the Board of Supervisors. The rezoning to accommodate that project is the subject of a voter referendum that will be decided at the next municipal election. The Port's 10 Year Capital Plan has also assumed the use of IFD proceeds in a variety of other contexts, including:

- the Pier 27 Cruise Terminal, pursuant to AB 664 and AB 2259<sup>1</sup> (Assemblymember Tom Ammiano); and
- Piers 19 and 23, if developed by the Port as development sites.

City staff believes that it is critical to establish a policy framework for the use of Infrastructure Financing District ("IFD" or "district") proceeds on Port property in advance of consideration of the subject term sheets so that project considerations do not drive (but rather inform) the City's policy deliberations regarding IFD as a tool to enable development of Port property.

This memo includes the following:

- A brief overview of the *nexus analysis* that the City, in consultation with the Port, conducted in 2004 (and refreshed in 2008), which examines tax revenues generated on Port property compared to the cost of City services provided on Port property; and

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<sup>1</sup> AB 664 and AB 2259 contemplate the potential capture of up to \$1 million annually of the State's share of tax increment from designated Port development sites after demonstrating to the California Infrastructure and Economic Development Bank that the 34<sup>th</sup> America's Cup will generate net tax benefits to the State







- A summary of the proposed IFD policy on Port property, including proposed uses and potential debt strategies.

## **Nexus Analysis**

Pursuant to the Charter and the Burton Act, the Port maintains a Harbor Fund to fund Port operations. The basic purpose of the 2004 nexus analysis, and the follow-up 2008 study, was to examine the total applicable taxes (including property taxes, business taxes, sales taxes, etc.) generated from businesses and other revenues along Port property (such as parking ticket citations) and the cost of City services (Police, Fire, etc.) to serve businesses and the public along Port property. The study established that taxes generated from Port property are sufficient to pay for a baseline level of services. Properties under long term lease that pay possessory interest tax (like other properties Citywide paying property tax) are assumed to pay their fair share to receive City services. New development is subject to impact fees to offset the new infrastructure costs for transit, open space and other City services. The nexus study balances the cost of City services for unleased Port property compared to the Port's workorder budget.

The principle underlying the study is that the General Fund should not subsidize unleased Port lands and port-related extraordinary expenses. The infrastructure finance plan will ascertain that in each project area, the costs of City services will be supported by taxes generated from proposed uses within the project area on Port property. The Port pays for services that it opts to procure above a base level of services in its annual budget. For instance, the Port pays for additional police services in the Fisherman's Wharf area and often procures services from the Department of Public Works.

Since the proposed IFD districts will capture possessory interest tax otherwise received by the City for general services, this principle should extend to waterfront development in that an IFD should be structured to ensure a fair allocation of costs and benefits between the City and the Port. (Note: Following bond issuance, the allocation of tax increment to the IFD should be sufficient to meet debt service requirements on bonds and replenish a debt service reserve fund).

## **Proposed IFD Policy**

The Port proposes to form an IFD along the entirety of Port property (the "Port IFD"). Within the Port IFD, the Port would establish "project areas" (also referred to as "waterfront districts") encompassing each project site, but would only establish a project area when the related development is approved by the Board of Supervisors.<sup>2</sup>

Consistent with IFD law applicable to the proposed Port IFD, proposed uses of the Port IFD proceeds include:

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<sup>2</sup> The proposed policy assumes the Port will form only one IFD -- the Port IFD -- and that the Port will form project areas within the Port IFD. If the Port decides instead to form more than one IFD, then all references in the policy to a waterfront district should be read as references to an IFD.



- Repairs and upgrades to piers, docks and wharves and the Port's seawall
- Installation of piles, both to support piers and to support buildings where soil is subject to liquefaction
- Parks and shoreline improvements, where the Port has been unable to secure General Obligation bond funding to fund new parks
- Utility infrastructure, including utility requirements to comply with standards imposed by the Regional Water Quality Control Board and/or the Bay Area Air Quality Management District
- Streets and sidewalks
- Seismic upgrades and improvements to the City's seawall and other measures to address sea level rise
- Environmental remediation
- Historic rehabilitation
- Improvements to Port maritime facilities

The Port proposes the following minimum criteria regarding the formation of IFD project areas on Port property:

1. **Port land.** Consistent with the IFD law, the Port IFD may initially be formed only with Port land.
2. **Annexing Non-Port Land.** If an owner of non-Port land petitions to add adjacent property to a waterfront district in accordance with the IFD law, the City will consider on a case-by-case basis whether to annex such property and to what extent tax increment generated in the non-Port land but not used for waterfront district infrastructure should be subject to the City IFD Guidelines.
3. **CEQA.** Although the City may initially form the Port IFD to include all of the Port land, neither the Port IFD nor any project-specific project area will be authorized to use property tax increment until the City has completed environmental review of the proposed development project and any proposed public facilities to be financed with property tax increment from the project area.
4. **Priority of Improvements.** Waterfront districts must finance improvements that are consistent with the IFD law, the Port's then-applicable Waterfront Land Use Plan, the Public Trust (if constructed on trust property), and the Port's 10-Year Capital Plan.
5. **Economic Benefit.** The Infrastructure Financing Plan ("IFP") developed for the Port IFD will include a projection for each project area/waterfront district of the amount of total revenue that the City's General Fund is projected to receive as a result of the proposed development project and the number of jobs and other economic development benefits the waterfront district is projected to produce, similar to the type of analysis that City staff and consultants perform to comply with Chapter 29 of the Administrative Code to determine that projects requiring public funding are fiscally feasible and responsible.





6. **State and City matching contributions.** In those cases where the IFD Law authorizes the allocation of the State's share of property tax increment to a waterfront district in proportion to the City's allocation of tax increment to the waterfront district, the City will allocate to the waterfront district the amount of tax increment that will maximize the amount of the State's tax increment that is available to fund eligible projects in the waterfront district.
7. **Amount of increment allocated.** The waterfront districts will fund eligible waterfront improvements necessary for each proposed development project in an amount up to \$0.65 per property tax dollar, or, where permitted by State law, up to \$0.90 per property tax dollar, until the costs of required infrastructure are fully paid or reimbursed. The allocation should be sufficient to enable the Port to (a) obtain fair market rent for Port leases, and (b) enable proposed development projects to attract private equity. No increment will be used to pay a developer's return. The Board of Supervisors in its discretion may allocate additional increment to other waterfront projects that require funding. Increment will be disbursed to the project area to fund (a) debt service and debt service coverage for bonds issued under the Mello-Roos Act ("Community Facilities District Bonds" or "CFD Bonds") or IFD bonds, and/or (b) eligible costs on a pay-as-you-go basis.<sup>3</sup>
8. **Excess increment.** Tax increment not required to fund eligible project-specific infrastructure will be allocated to the City's General Fund or to improvements to the City's seawall and measures to protect against sea level rise.
9. **Port Annual Capital Program.** If the Port issues Port revenue bonds<sup>4</sup> repaid by tax increment revenue generated in one or more waterfront districts, to further the purposes of Port Commission Resolution No. 12-22, adopting the Port's Policy for Funding Capital Budget Expenditures, the Port will annually invest in its annual Capital Program any tax increment revenue allocated to the waterfront district for the purpose of providing debt service coverage on Port revenue bond debt payable from tax increment.
10. **Funding for Infrastructure Maintenance.** Tax increment will be allocated to the Port IFD from a waterfront district only when the Port has identified a source of funding for the maintenance of any infrastructure to be financed. This source could be in the form of: (a) private financing mechanisms, such as a homeowners' association assessment; (b) a supplemental special tax (such as a community

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<sup>3</sup> For example, one vehicle for efficiently leveraging tax increment to finance public infrastructure would involve (i) formation of a community facilities district ("CFD") under the Mello-Roos Act and an IFD project area -- the boundaries of which are coterminous with the boundaries of the private development -- prior to construction of the public infrastructure, (ii) issuance of CFD bonds early in the development cycle, i.e., prior to generation of significant tax increment that can be allocated to the IFD, (iii) application of special taxes levied in the CFD to pay debt service as long as tax increment is not available and (iv) use of tax increment, when available, to pay debt service on the bonds, which allows a reduction in the amount of special taxes levied for that purpose.

<sup>4</sup> City staff currently assumes that the preferred method for debt issuance would be a CFD bond repaid with IFD proceeds.





facilities district formed under the Mello-Roos Act) or assessment district (such as a community benefit district); or (c) the Port's maintenance budget or other allocation of the Port Harbor Fund.

### **Infrastructure Finance Plan Review and Approval**

By Resolution 110-12, the Board of Supervisors stated its intention to form the Port IFD – "City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco). Resolution 110-12 contemplates distinct *project areas/waterfront districts* for each major project along the waterfront (such as Pier 70) and also contemplates that additional project areas will be added from time to time.

City staff will develop an IFP for the Port IFD, which will include a separate "IFP appendix" for each project area. Each IFP appendix will describe the sources and uses of funding for the project area. City staff recommends the following process for review and approval of each IFP appendix:

1. The Port, in consultation with other City agencies including but not limited to the Department of Public Works and the San Francisco Public Utilities Commission, will review and comment on horizontal infrastructure proposals from each project developer and obtain third-party cost estimates for such horizontal infrastructure;
2. Companion transaction documents will include mechanisms to ensure a fair price for subject infrastructure work and to protect the City from unjustified cost increases; and
3. Each IFP appendix will be subject to review by and a recommendation from the Capital Planning Committee to the Board of Supervisors prior to its vote on whether to adopt the IFP appendix.

### **Strategic Criteria**

- **Use IFDs where other Port moneys are insufficient.** Waterfront districts should be used to construct public facilities when the Port does not otherwise have sufficient funds to finance the improvements.
- **Use IFDs strategically to leverage non-City resources.** Waterfront districts should be used as a tool to leverage additional regional, state and federal funds. For example, IFDs may prove instrumental in securing matching federal or state dollars for transportation projects.
- **Continue the "best-practices" citizen participation procedures used to help City agencies prioritize implementation of public facilities funded by a waterfront district.** This could be achieved through regular and special presentations to the Port's advisory groups and engaging regularly with other local municipal citizens advisory committees and stakeholder groups.



## **Periodic Nexus Analysis**

The Port, the Mayor's Budget Office and the Controller will periodically conduct a nexus study and include IFD project area analysis, at ten year intervals. The nexus analysis will examine whether the cost of applicable City services exceeds or is less than the total payments the City collects from the Port.

Prepared by: Brad Benson,  
Special Projects Manager

Elaine Forbes,  
Deputy Director of Finance & Administration

Jonathan Stern,  
Asst. Deputy Director of Waterfront Development

Exhibit A: Port Related Infrastructure Financing District Legislation (State and Local)



**Exhibit A:**  
**Port Related Infrastructure Financing District Legislation (State and Local)**

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**State**

**Senate Bill No. 1085 (stats. 2005, ch. 213) (Migden)**

Amended Infrastructure Financing District (IFD) Law to:

- Define a landowner to include a public agency
- Allow IFDs to be formed on public trust land
- Authorized Port capital projects to be funded with IFD proceeds, including piers, wharves, historic buildings
- Extend potential IFD tax increment capture period from 30 to 40 years

**Assembly Bill No. 1199 (stats. 2010, ch. 664) (Ammiano)**

Amended Infrastructure Financing District (IFD) Law to:

- Add fill removal, shoreline restoration and maritime facilities as eligible uses
- Allow an IFD district to be separated into project areas
- Establish “base” year procedures & allows increment capture up to 45 years
- Allow adjacent landowners to petition for inclusion in district
- Require that 20% of district proceeds be used for fill removal, shoreline restoration, waterfront public access or environmental remediation
- Allows capture of State’s ERAF share of tax increment at Pier 70 for specified periods (20 year bonding window)
- Allows Mirant site to be included in Port IFD if approved by the State Director of Finance

**Assembly Bill No. 664 (stats. 2011, ch. 314) (Ammiano) and Assembly Bill No. 2259 (stats. 2012, ch. 785) (Ammiano)**

- Authorizes the Port to collect up to \$1 million annually of the State’s ERAF share of increment (AB 664) from SWL 330 and Piers 19, 23 and 29 (AB 2259) to finance the Pier 27 cruise terminal and shoreside power, if the I-Bank finds that 34<sup>th</sup> America’s Cup provides net benefits to the State





- Requires a 20% set-aside of tax increment from America's Cup venues to improve public lands used as spectator sites for the America's Cup
- Adds sea level rise and pile installation as eligible IFD uses (AB 2259)

## **Local**

**Resolution of Intention to establish Infrastructure Financing District No. 2 for the City and County of San Francisco at the Port of San Francisco (File No. 120278) adopted June 12, 2012 by the Board of Supervisors and signed by the Mayor on June 20, 2012.**

- Project Area A (Seawall Lot 330) – Special waterfront district and Port America's Cup district.
- Project Area B (Piers 30-32) – Special waterfront district and Port America's Cup district.
- Project Area C (Pier 28) – Special waterfront district and Port America's Cup district.
- Project Area D (Pier 26) – Special waterfront district and Port America's Cup district.
- Project Area E (Pier 48) – Waterfront District
- Project Area H (Pier 70) – Project Area H is expected to be a Pier 70 district and may not be subject to a Pier 70 financing plan prior to January 1, 2014.

**Notes:** Pursuant to AB 2259 and the elimination of long-term development rights in the Lease Disposition Agreement between the City and County of San Francisco and the America's Cup Event Authority, LLC, Project Areas B-D are no longer Port America's Cup districts. The Port also proposed that Project Area E include Seawall Lot 337, but the Board of Supervisors amended this legislation to remove Seawall Lot 337 pending further information from the Port regarding proposed development plans at the site.

## **Ordinance Establishing an Infrastructure Financing District and Adopting an Infrastructure Financing Plan – File No 120614 Pending Committee Action**

- Project Area A: Seawall Lot 330
- Project Area B: Piers 30-32
- Project Area C: Seawall Lot 351
- Project Area D: Pier 48
- Project Area E: Pier 70





## MEMORANDUM

December 6, 2012

**TO:** MEMBERS, PORT COMMISSION  
Hon. Doreen Woo Ho, President  
Hon. Kimberly Brandon, Vice President  
Hon. Willie Adams  
Hon. Leslie Katz

**FROM:** Monique Moyer *M Moyer*  
Executive Director

**SUBJECT:** (1) Request authorization to execute an amendment to the Architectural and Engineering contract with the joint venture of Kaplan, McLaughlin, Diaz Architects and Pfau Long Architecture in association with Bermello Ajamil and Partners to increase the amount of the contract from \$9,950,000 to an amount not-to-exceed \$11,491,708, which consists of an increase of \$1,541,708, for Phase 2 Project construction administration services and other services for Pier 27 James R. Herman Cruise Terminal and Northeast Wharf Plaza Project, located on The Embarcadero at Lombard Street ("Project"), and to extend the term to December 31, 2014. (Resolution No. 12-96)

(2) Request authorization to execute an amendment to the Construction Manager/General Contractor contract with Turner Construction Company to increase the contract amount from \$64,719,777 to an amount not-to-exceed \$100,880,163, and to further increase the contract amount by \$3,616,039 (10%) through contract modification or change order, if needed for unanticipated contingencies, for a total authorization of \$104,496,202, to fund the Phase 2 Project construction, and to extend the term to December 31, 2014. (Resolution No. 12-97)

(3) Request authorization to execute an amendment to the Memorandum of Understanding (MOU) with the San Francisco Department of Public Works (DPW) to increase the MOU funding from the existing not-to-exceed amount of \$7,778,267 to an amount not-to-exceed \$9,714,495, which consists of an increase of \$1,936,228 for Phase 2 for Project Management services, and to extend the term to December 31, 2014 (Resolution No. 12-98)

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## SUMMARY

To accomplish the Phase 2 construction activities associated with the Pier 27 James R. Herman Cruise Terminal and Northeast Wharf Plaza Project ("Project") Port staff seeks the following Port Commission actions:

- 1) Authorize the Executive Director to execute 1 contract amendment with the joint venture of Kaplan, McLaughlin, Diaz Architects and Pfau Long Architecture in association with Bermello Ajamil and Partners (the "Design Team") for construction administration and additional services associated with Phase 2 of the Project, and increasing the total amount of the contract to \$11,491,708 and to extend the term to December 31, 2014;
- 2) Authorize the Executive Director to execute an amendment to the Construction Manager/General Contractor ("CM/GC") contract with Turner Construction Company ("Turner") to fund Phase 2 construction services for the Project and increase the total contract authorization price to the sum of \$104,496,202 and to extend the term to December 31, 2014;
- 3) Authorize the Executive Director to execute an amendment to the Memorandum of Understanding (MOU) with the San Francisco Department of Public Works (DPW) to fund Phase 2 Project Management services for the Project for a total amount not-to-exceed \$9,714,495 and to extend the term to December 31, 2014.

## BACKGROUND

The Port has undertaken development of a new cruise terminal at Pier 27, together with the Northeast Wharf Plaza and various amenities to house the America's Cup Village for the 2013 Louis Vuitton Challenger Series, Red Bull Youth Racing Event and 34<sup>th</sup> America's Cup Final Match. With respect specifically to the Cruise Ship Terminal, the Port's objectives are to (1) transform Pier 27 into a year-round cruise terminal that will meet the evolved security and passenger handling demands of the cruise ship industry; (2) develop an efficient facility that will lower the Port's operational costs by the use of effective space planning and equipment to handle passenger circulation and provisioning; and (3) configure the cruise terminal in a way that will create opportunities for Port to allow special event uses when the terminal is not occupied for cruise purposes. The special event uses could result in additional revenue to the Port and an enhancement to the City's meeting and convention business. The first special event to be held at the terminal will be the internationally acclaimed 34<sup>th</sup> America's Cup.

**Awards:** Despite still being under construction, the Pier 27 James R. Herman Cruise Terminal project has already received two awards. As previously reported, the first award bestowed on the cruise terminal was announced in the March 2012 edition of *Cruise Insight* magazine. The cruise terminal received a 2011 Ports and Destination Award for Best Local Initiative for the collaborative team approach in designing the new cruise terminal.







The second award was bestowed upon the cruise terminal by Cruise Critic® an “interactive community message board comprised of avid and first-time cruisers who enjoy the fun of planning, researching and sharing their passion for cruising.” San Francisco received a 2012 Editors’ Pick for Best U.S. Port: *“One of the most beautiful cities in America to sail into, San Francisco has long been a contender as one of the country’s best ports. But new efforts to redevelop its waterfront and build a state-of-the-art cruise terminal combined with fantastic sightseeing and easy-to-access air service put it over the top.”*

**Project Status:** Phase 1 construction of the core and shell of the terminal building for the Project is approximately 80% complete and is on schedule for substantial completion and occupancy by the America’s Cup Event Authority on March 1, 2013. Phase 2 construction drawings are about 95% complete and will be submitted for permit approval shortly.

Upon conclusion of the 34<sup>th</sup> America’s Cup Event in November 1, 2013, the Port will start the Phase 2 construction of the Project. The Phase 2 construction is scheduled for nine months with a substantial completion date of August 1, 2014 and final completion two months later. This work will consist of finishing the remaining portions of the cruise terminal building including the U.S. Customs and Border Protection facilities (“Phase 2” work). In addition, the Phase 2 construction scope will include build out of the Northeast Wharf Plaza and North Point, the ground transportation area, apron and substructure repairs, installation of maritime equipment such as the mobile gangway system, fenders and bollards, and provision of miscellaneous furniture and equipment. The schedule is driven by the design, fabrication, shipment, installation and commissioning of the mobile gangway system, which is expected to take a minimum of 14 months from notice to proceed.

## BUDGET

The current project budget is \$110,961,511, including \$67,374,350 for Phase 1 and \$43,587,161 for Phase 2.<sup>1</sup> The Phase 2 construction costs are detailed in Table 2 below.

*Table 1: Total Project Costs*

	Phase I	Phase II	Total
Construction	\$ 46,363,992	\$ 36,160,386	\$ 82,524,378
Contingency	3,614,891	3,616,039	7,230,930
Soft Costs	17,395,467	3,810,736	21,206,203
<b>Total Costs</b>	<b>\$ 67,374,350</b>	<b>\$ 43,587,161</b>	<b>\$ 110,961,511</b>

<sup>1</sup> The total of the requested contract authorizations is \$14.7 million greater than the total Cruise Terminal budget because the Turner contract includes authorization for implementation of infrastructure projects supporting the 34<sup>th</sup> America’s Cup.



*Table 2: Phase 2 Construction Costs*

<b>Description</b>	<b>Amount</b>
Security Systems	\$ 6,881,949
Terminal Building	6,307,755
NE Wharf Plaza, etc.	11,734,376
Ground Transportation Area	4,513,668
Apron & Substructure	2,476,895
Fender System (2)	1,544,783
Mobile Gangway	1,989,000
Art	99,960
Furniture Fixtures & Equipment	612,000
<b>Total</b>	<b>\$ 36,160,386</b>

This budget is a \$16,479,789 increase compared to the \$94,481,722 budget that was previously reported to the Port Commission (see, Table 3). In its December 16, 2011 report to the Port Commission, staff estimated the total Phase 1 project cost was \$62,359,983 and the April 12, 2011 staff report staff estimated a total Phase 2 project cost of \$32,121,739.

The \$5,014,367 increase to the Phase 1 budget is due to change orders, a condensed project schedule to meet 34<sup>th</sup> America's Cup Event (AC34) timelines, and shifting the cost of the lobby escalators and the North Tip into Phase 1 from Phase 2. Additionally, the \$11,465,422 increase to the Phase 2 budget is due to completion of estimates for 50 percent design development drawings, including all regulatory requirements, needed maritime improvements and adding scope; the application of a Turner fee from exceeding the \$52 million contract limit (from 2% to 5%); expanded scope such as the facility operations building exterior cladding, a pitched roof, HVAC requirements, and plumbing required by the Port; and more design detail in the ground transportation area, North Tip and the Northeast Wharf Plaza.

*Table 3: Project Budget Changes*

	<b>Previous</b>	<b>Update</b>	<b>Change</b>
Phase I	\$ 62,359,983	\$ 67,374,350	\$ 5,014,367
Phase II	\$ 32,121,739	\$ 43,587,161	\$ 11,465,422
<b>Total Cost</b>	<b>\$ 94,481,722</b>	<b>\$ 110,961,511</b>	<b>\$ 16,479,789</b>
<b>Total Sources</b>	<b>\$ 85,893,200</b>	<b>\$ 106,799,160</b>	<b>\$ 20,905,960</b>
<b>Shortfall</b>	<b>\$ (8,588,522)</b>	<b>\$ (4,162,351)</b>	<b>\$ 4,426,171</b>

To stem further growth in the Phase 2 project budget the Project Team conducted extensive Value Engineering studies that resulted in the Project amendments identified in Table 4 below. Deletion or deferment of this scope will not significantly diminish the initial functionality of the cruise terminal. However, the permit issued by the San Francisco Bay Conservation and Development Commission ("BCDC") permit requires



some elements of this recommended deferment to be completed no later than 2017. These features will be implemented as funding becomes available at a later time. (See, attached Figure 1, "Deferred Scope" for details.)

*Table 4: Value Engineering*

<b>Description</b>	<b>Value</b>	<b>Comment</b>
Floor Sealer Savings	\$ 41,000	Lower cost than estimated
Pier 29 Historical Walk	325,000	Reduce cost
Defer Park Bathrooms	852,972	Possible Future Phase or Utilize new bathrooms in Pier 29
Reduce Number of New Fender Systems	527,872	Possible Additional Fender Systems in Future Phase
Prepay Gangway	800,000	Use estimated remaining contingency from Phase 1 construction
Defer Ticket Counters	450,000	Defer to future phase
Delete Stand Alone Facility Operation Building	1,000,000	Possible Future Phase. Park fork lifts and other operations equipment in baggage hall when not in use
Redesign Bollards	280,741	Lower capacity still provides acceptable level of service
Delay Some Pier Repairs	247,123	Defer up to 5 years
<b>Total</b>	<b>\$ 4,524,708</b>	

## **FUNDING SOURCES**

In order to complete elements of the Project required for the America's Cup events, staff prioritized addressing Phase 1 funding requirements, leaving an ongoing deficit in Phase 2. As implementation of Phase 2 nears, specific funding strategies are now falling into place with a remaining gap of \$4,162,351 that staff is striving to close.







Table 5: Total Budget

	Phase I	Phase II	Total
Construction	\$ 46,363,992	\$ 36,160,386	\$ 82,524,378
Contingency	3,614,891	3,616,039	7,230,930
<u>Soft Costs</u>	<u>17,395,467</u>	<u>3,810,736</u>	<u>21,206,203</u>
<b>Total Costs</b>	<b>\$ 67,374,350</b>	<b>\$ 43,587,161</b>	<b>\$ 110,961,511</b>
<i>Secured</i>			
Port	\$ 60,428,136	\$ -	\$ 60,428,136
FEMA Grants	1,246,214	6,609,810	7,856,024
City/ACOC	5,700,000	-	5,700,000
GO Bond	-	17,000,000	17,000,000
<i>Planned</i>			
Port Revenue Bonds	-	8,000,000	8,000,000
Passenger Facility Charge	-	7,250,000	7,250,000
COP Savings, Phase I	-	565,000	565,000
<u>Shortfall</u>	<u>-</u>	<u>4,162,351</u>	<u>4,162,351</u>
<b>Total Sources</b>	<b>\$ 67,374,350</b>	<b>\$ 43,587,161</b>	<b>\$ 110,961,511</b>

#### 2009 & 2010 FEMA Grants

The Port is the recipient of Federal Emergency Management Agency (FEMA) Port Security Grant Program (PSGP) grants that are being used to support both Phases 1 and 2 of the project. The Port is planning to receive \$6,058,808 in 2009 PSGP grant funds and \$551,000 in 2010 PSGP grant funds, for a total of \$6,609,805 in FEMA support for Phase 2.<sup>2</sup>

#### General Obligation Bonds

San Francisco voters approved Proposition B on November 6, 2012, which provides \$35 million of funding for Waterfront parks. Of this funding, Port staff proposes that \$17 million be used to construct the 2.7 acre Northeast Wharf Plaza, public access along the aprons and public access improves for the tip of Pier 29. Subject to approval of the Port Commission, the remaining funds would primarily be used for Southern Waterfront Park improvements, including Pier 70 parks, Warm Water Cove, and Agua Vista Park. The Northeast Wharf Plaza will be a new 2.7 acre park bordering the Embarcadero Promenade, the Bay and the new James R. Herman Cruise Terminal. The Plaza will feature a large lawn for informal recreation and many places to enjoy views of the Bay and cruise ships. The Northeast Wharf Plaza will complete the public space envisioned in the Port and BCDP plans for this part of the northern waterfront. As part of Phase 2 the Port will provide improvements to the north tip of the Pier and other access improvements that would allow views of cruise terminal operations and across the Bay.

<sup>2</sup> This expenditure plan is currently under review by the Marine Exchange, the fiscal agent for FEMA.



In the future, the Port will offer other public amenities for these park spaces including a public restroom and an historic walk guiding the public to the North Tip.

### Debt Issuance & Passenger Facility Charge

The Phase 2 proposal includes the issuance of \$15,250,000 in Port revenue debt. Of this amount \$7,250,000 will be repaid through assessment of a Passenger Facility Charge (PFC). San Diego and Seattle are two examples of other ports along the west coast that implemented PFCs to finance capital investments for their cruise industries. San Diego created a \$4.00 per passenger fee for embarking/ disembarking passengers to repay a \$12.0 million loan from Carnival Cruise Lines that supported the \$28.0 million Broadway Pier Cruise Terminal project. Similarly, Seattle implemented a \$1.90 per passenger fee for all stages of travel to fund a \$6.5 million project to replace two gangways.

The remaining \$8,000,000 of revenue debt will be repaid through the Port's operating budget, adding approximately \$580,000 in debt service and increasing the overall payment obligation from \$5.7 million to \$6.3 million. This will reduce the Port's bonding capacity from \$42.6 million to approximately \$34.6 million.<sup>3</sup> While this debt issuance is well within the Port's bonding capacity, as detailed below, the increased debt service cost will reduce the amount available for the repair and replacement capital budget. This will reduce the capital budget by approximately 7%. Port staff will need to identify offsetting expenditure reductions or revenue enhancement to meet the Port Commission's policy to allocate 20 percent of operating revenues to capital annually.

### *Bonding Capacity*

The Port has Series 2010A and B Revenue Bonds outstanding, which were issued February 3, 2010 in the amount of \$36.65 million to finance the design, construction, reconstruction, repair and/or improvements to various facilities of the Port.<sup>4</sup> Additionally, the City will issue Certificates of Participation (COPs) in the amount of \$38.46 million for a portion of Phase I of the Cruise Terminal project and the America's Cup projects.<sup>5</sup> The annual payments associated with these outstanding obligations cost approximately \$5.7 million through 2023, \$4.9 million through 2031, \$4 million through 2040, with a final payment of approximately \$2.1 million in 2043.<sup>6</sup> The issuance amount and actual cost will depend on the interest rates of the COPs when they are issued.

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<sup>3</sup> Assumed annual net revenues of \$17.8 million, annual interest rate expense of 6% and debt service coverage of 2x.

<sup>4</sup> In connection with the delivery of the Port's revenue bonds, the Port Commission covenanted that it will maintain rentals, rates, fees and charges so that net revenue in each fiscal year will be at least equal to 130% of annual debt service on the revenue bonds for such fiscal year.

<sup>5</sup> The City's commercial paper project is supporting these projects on a short term basis. The City will sell COPs as take out financing early in 2013. The COPs will be repaid from Port operating revenues.

<sup>6</sup> Principal on the COPs attributable to the Pier 70 shoreside power project will be repaid in the first 10 years, consistent with the shorter useful life of the power equipment. Principal on the COPs attributable to the Pier 27 Cruise Terminal project and the AC34 infrastructure projects will be repaid in the remaining 20 years, for a total repayment of 30 years. See staff memorandum to the Port Commission dated April 24, 2012.





The additional debt service associated with issuing debt will be supported by growing operating revenues. The annual net revenue of the Port over the past 10 years has averaged \$14 million, with a high of \$18.1 million and a low of \$9.3 million. Fiscal Year 2011/12 closed with net revenues of \$17.5 million. With the economic improvements, the Port is projecting to hold operating expenses relatively flat and anticipates revenues averaging \$17.8 million over the 30 year projection period. Revenue improvements are anticipated from a combination of growth in percentage rents, expiration of rent credits, and return of America's Cup sites.

### Phase 1 COP Savings

Staff currently anticipates accruing expenditure savings in Phase 1 of the Project that will allow us to apply approximately \$565,000 of COP funds to Phase 2.

### Resolving the Remaining Deficit

Despite the accumulation of several significant funding sources, Phase 2 of the Project continues to have a \$4,162,351 budget shortfall. Staff is examining the following options to determine their feasibility:

#### *Capital Budget*

As part of the FY 2013/14 capital budget review staff will consider reprioritizing resources to the Cruise Terminal project for renewal items such as fenders.

#### *Additional Grants*

Environmental grants may be available to support aspects of design and construction such as stormwater drainage. Staff is investigating such opportunities.

### **CEQA**

On December 15, 2011, the San Francisco Planning Commission certified the Final Environmental Impact Report (Final EIR) for the Pier 27 James R. Herman Cruise Terminal and Northeast Wharf Plaza and 34<sup>th</sup> America's Cup projects, pursuant to the requirements of the California Environmental Quality Act (CEQA). On December 16, 2011, the Port Commission approved Resolution No. 11-75, CEQA Findings associated with the Final EIR, which also included a Mitigation Monitoring and Reporting Program (MMRP), prior to approving Phase 1 of the Pier 27 Project. The Final EIR, and CEQA Findings and MMRP address the environmental effects of the Pier 27 and America's Cup projects in their entirety and applicable mitigation measures, including Phase 2 of the Project, the cruise terminal development and the construction of Northeast Wharf Plaza.





## PROPOSED AMENDMENTS FOR PHASE 2

Port staff is seeking authorization to execute amendments that will bring the contracts with our project design, construction and project management partners up to the total Cruise Terminal budget.

*Table 6: Authorizations*

	<u>Approved</u>	<u>Change</u>	<u>Request</u>
Cruise Terminal	\$49,978,883	\$ 39,776,425	\$ 89,755,308
AC34	14,740,894	-	14,740,894
Turner, Total	\$64,719,777	\$ 39,776,425	\$104,496,202
DPW	\$ 7,778,267	\$ 1,936,228	\$ 9,714,495
KMD	\$ 9,950,000	\$ 1,541,708	\$ 11,491,708
<b>Total Authorizations</b>	<b>\$82,448,044</b>	<b>\$ 43,254,361</b>	<b>\$125,702,405</b>
<i>Cruise Terminal</i>	<i>\$67,707,150</i>	<i>\$ 43,254,361</i>	<i>\$110,961,511</i>
<i>AC34</i>	<i>\$14,740,894</i>	<i>\$ -</i>	<i>\$ 14,740,894</i>

### Design Team Contract Amendment

The Port Commission previously approved amendments to the Port's contract with the Design Team to provide architectural and engineering services for Phases 1 and 2 construction drawings and for construction administration services for Phase 1. For these services, the total contract authorization to date is an amount not to exceed \$9,950,000.

Port staff seeks further authorization at this time to amend the agreement with the Design Team to include all additional services needed for bidding and construction administration and design support for Phase 2. These services include review of material submittals, responding to Requests for Information, Field Inspection, Quality Assurance, design review, coordination with regulatory agencies and permit coordination. In order to accomplish this work, Port staff proposes to amend the Design Team contract to include this additional work, and increase the existing contract fee of \$9,950,000, by an amount of \$1,541,708, to an amount not to exceed \$11,491,708 and to extend the term to December 31, 2014.

The Local Business Enterprise (LBE) subcontracting goal for this Design Team contract is 15% of the total value of the entire contract. As of November 1, 2012, the Design Team has achieved 44.6% LBE participation.

*Table 7: KMD Contract Authorization*

	<u>Approved</u>	<u>Change</u>	<u>Request</u>
KMD	\$ 9,950,000	\$ 1,541,708	\$ 11,491,708



## CM/GC Contract Amendment

The Port Commission previously approved amendments to the Port's CM/GC contract with Turner Construction Company to accomplish Phase 1 construction for the Project. The total authorized construction contract fee for Phase 1 is not to exceed \$49,978,883. Additional funding of \$14,740,894 for AC34 improvements at other facilities increased the total contract authorization of this CM/GC contract to the not-to-exceed sum of \$64,719,777.

Port staff seeks further authorization at this time to amend the Port's CM/GC contract with Turner Construction Company to accomplish Phase 2 construction (which is described in detail above, under the section entitled "Background"). Port staff proposes to amend the contract to include this additional work, and increase the existing contract fee of \$64,719,777, by an amount of \$36,160,386, to an amount not to exceed \$100,880,163. Furthermore, Port staff requests authorization to increase the contract amount by \$3,616,039 (10% contingency) through contract modifications or change order if needed for unanticipated contingencies, for a total authorization not to exceed \$104,496,202 and to extend the term to December 31, 2014.

Under the San Francisco Local Hiring Policy for Construction (Administration Code Section 6.22(G)), for subcontractor trade packages, the local hiring level has been set at 20% with a goal of no less than 10% of Project work hours to be performed by disadvantaged workers. As of November 29, 2012, Turner achieved local hiring of 27% of the total contract. The LBE subcontractor participation has been set at 17% to be performed by local businesses. As of November 1, 2012, there has been 12.5% LBE participation; however, the trades are currently more specialized, requiring Turner to utilize vendors outside the San Francisco area. As the project progresses, the LBE participation will increase due to the use of more general trades that can be hired locally.

*Table 8: Turner Contract Authorization*

	Approved	Change	Request
Cruise Terminal	\$49,978,883	\$39,776,425	\$ 89,755,308
AC34	14,740,894	-	14,740,894
Total Turner	\$64,719,777	\$39,776,425	\$104,496,202

## Amendment to Memorandum of Understanding with DPW

The Port Commission previously approved amendments to the Port's Memorandum of Understanding with the DPW to provide Project Management services for Phase 1 of the Project. The total authorized amount for this work is not to exceed \$7,778,267. The term of the MOU ends April 1, 2013.

Port staff seeks authorization at this time to amend the agreement with DPW to include project management services for Phase 2. Port staff proposes to increase the MOU funding from the existing amount of \$7,778,267 by an amount of \$1,936,228 to an amount not to exceed \$9,714,495, and to extend the MOU term to December 31, 2014.



Table 9: DPW Contract Authorization

	Approved	Change	Request
DPW	\$ 7,778,267	\$ 1,936,228	\$ 9,714,495

Separate proposed resolutions are attached for each of these actions.

## CONCLUSION

Phase 1 of the Project is on budget and on schedule to meet substantial completion by March 1, 2013. Turner, the Design Team and DPW have performed and worked very well together. Therefore, Port staff recommends these contract amendments, which are critical to launch into Phase 2.

Prepared by: Kim von Blohn, Project Director  
Engineering

and

Meghan Wallace, Budget Manager,  
Finance and Administration

For: Ed Byrne, Chief Harbor Engineer  
Engineering

and

Elaine Forbes, Deputy Director, Finance  
and Administration

Attachments:

Figure 1: Deferred Scope





**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 12-96**

- WHEREAS, On November 10, 2009, the San Francisco Port Commission authorized award of a contract to the joint venture team of Kaplan, McLaughlin, Diaz Architects and Pfau Long Architecture in association with Bermello Ajamil and Partners ("Design Team") in the amount of \$2,661,384 for architectural and engineering services through schematic design for the Pier 27 James R. Herman Cruise Ship Terminal and Northeast Wharf Plaza Project (the "Project"); and
- WHEREAS, On December 14, 2010, the San Francisco Port Commission adopted Resolution 10-80, authorizing Port staff to initiate schematic design on Scheme B2, an option that would create a new terminal building for the Project that meets international cruise terminal standards; and
- WHEREAS, On March 22, 2011, Port staff and the Design Team presented the Project schematic design to the San Francisco Port Commission; and
- WHEREAS, On April 12, 2011, the San Francisco Port Commission adopted Resolution 11-22, authorizing Port staff to execute a first contract amendment to the contract with the Design Team for design development services, increasing contract fees by the amount of \$2,410,070, for a total authorized amount of \$5,071,454; and
- WHEREAS, On July 12, 2011, the San Francisco Port Commission adopted Resolution 11-50, authorizing a second contract amendment with the Design Team to include services for Phase 1 and Phase 2 construction drawings and to increase the contract fee by \$3,039,449, for a total authorized amount of \$8,110,903; and
- WHEREAS, On December 16, 2011, the San Francisco Port Commission approved the Pier 27 James R. Herman Cruise Ship Terminal and Northeast Wharf Plaza Project and the 34<sup>th</sup> America's Cup Project and adopted California Environmental Quality Act Findings and Mitigation Monitoring and Reporting Programs applicable to these projects, in its Resolution Nos. 11-75 and 11-79, respectively, and which the Port Commission incorporates herein by reference; and
- WHEREAS, On December 16, 2011, the San Francisco Port Commission adopted Resolution 11-77, authorizing staff to execute a third contract amendment with the Design Team to include Phase 1 construction administration services and to increase the contract fee by \$1,062,389, for a total authorized amount of not-to-exceed \$9,173,292; and



WHEREAS, On April 24, 2012, the San Francisco Port Commission adopted Resolution 12-38, authorizing staff to execute a fourth contract amendment with the Design Team to include services for additional Phase 1 project scope services, and to increase the contract fees from \$9,173,292, to a total amount not to exceed \$9,950,000, which consisted of an increase of \$776,708; and

WHEREAS, The San Francisco Port Commission found that the activities described in Resolution 12-38 did not require additional environmental review and incorporated by reference its prior CEQA Findings set forth in its Resolution Nos. 11-75 and 12-34; and

WHEREAS, On April 24, 2012, the San Francisco Port Commission adopted Resolution 12-34, finding the Mitigation Measures in the Final EIR to be feasible and adopting the CEQA Findings and Mitigation Monitoring and Reporting Program for the modified 34<sup>th</sup> America's Cup Project, including the Statement of Overriding Considerations, and which the Port Commission incorporates herein by reference; and

WHEREAS, The Design Team has satisfactorily completed design and engineering services to date within the authorized budget and has met the City's Local Business Enterprise subcontracting goal with 45% participation; and

WHEREAS, The Project status and schedule warrant additional architectural and engineering services from the Design Team for additional project scope for Phase 2 of the Project; now therefore be it

RESOLVED, That the Port Commission hereby authorizes Port staff to execute a contract amendment with the Design Team to include services for Phase 2 project scope as described in the accompanying staff memorandum, and to increase the amount of the contract from \$9,950,000, to a total amount not to exceed \$11,491,708 which consists of an increase of \$1,541,708; and be it further

RESOLVED, That the Port Commission hereby authorizes an extension of the term of the contract to December 31, 2014; and be it further

RESOLVED, That the Port Commission finds that the activities described in this Resolution do not require additional environmental review and hereby incorporates the CEQA Findings set forth in its Resolution Nos. 11-75 and 12-34, by this reference thereto.

***I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of December 11, 2012.***

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Secretary



**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 12-97**

- WHEREAS, On April 12, 2011, by Port Commission Resolution No. 11-22, the San Francisco Port Commission authorized Port staff to utilize the Integrated Project Delivery approach for the procurement of construction services and authorized the San Francisco Department of Public Works ("DPW") to advertise for a Construction Manager/General Contractor to help design and construct the Pier 27 James R. Herman Cruise Terminal and Northeast Plaza Project (the "Project"); and
- WHEREAS, On April 20, 2011, DPW, on behalf of the Port, issued a Request for Qualifications ("RFQ") to select a qualified Construction Manager/General Contractor for the Project; and
- WHEREAS, On June 14, 2011, the Port Commission adopted Resolution No. 11-45, authorizing the contract award for Construction Manager/General Contractor services for the Project ("CM/GC Contract") to Turner Construction Company for the not-to-exceed amount of \$3,581,137, and authorized staff to increase the contract amount, if needed for unanticipated contingencies, by an additional \$358,114 (10% of \$3,581,137) for a total contract funding of \$3,939,251; and
- WHEREAS, As Construction Manager/General Contractor for the Project, Turner Construction Company is required to provide a fully functional, complete and operational Project, including, in accordance with the Integrated Project Delivery approach, certain pre-construction services before Project approval; and
- WHEREAS, On September 13, 2011, the Port Commission adopted Resolution No. 11-59, authorizing Port staff to execute a first contract amendment with Turner Construction Company to increase the CM/GC Contract amount from \$3,939,251, to an amount not to exceed \$9,989,251, which consisted of an increase of \$6,050,000 inclusive of a contingency for bidding and award of the structural steel subcontractor bid package for the construction of the cruise terminal building ("Phase 1" of the Project); and
- WHEREAS, On December 16, 2011, the San Francisco Port Commission approved the Pier 27 James R. Herman Cruise Ship Terminal and Northeast Wharf Plaza Project and the 34<sup>th</sup> America's Cup Project and adopted California Environmental Quality Act ("CEQA") Findings and Mitigation Monitoring and Reporting Programs applicable to these projects, in its Resolution Nos. 11-75 and 11-79, respectively; and







- WHEREAS, On December 16, 2011, the Port Commission adopted Resolution No. 11-78, authorizing Port staff to execute a second contract amendment with Turner Construction Company to increase the CM/GC Contract amount from \$9,989,251 to an amount not to exceed \$45,408,424, which consisted of an increase of \$35,419,173 to fund the initial Phase 1 construction trade subcontractor packages; and
- WHEREAS, On April 24, 2012, the San Francisco Port Commission adopted Resolution 12-34, finding the Mitigation Measures in the Final EIR for the modified 34<sup>th</sup> America's Cup Project, to be feasible, and adopting the CEQA Findings and Mitigation Monitoring and Reporting Program for the modified 34<sup>th</sup> America's Cup Project, including the Statement of Overriding Considerations, and which the Port Commission incorporates herein by reference; and
- WHEREAS, The Port Commission adopted Resolution No. 12-39 on April 24, 2012, authorizing the Executive Director to execute a third contract amendment with Turner Construction Company to increase the CM/GC Contract amount from \$45,408,424 to an amount not to exceed \$47,288,453, and to further increase the contract amount by \$2,690,430 (approximately 6%) through contract modification or change order, if needed for unanticipated contingencies, for a total authorization of \$49,978,883, to fund additional Phase 1 construction trade subcontractor packages for the Project; and
- WHEREAS, The Port Commission adopted Resolution No. 12-40 on April 24, 2012, authorizing the Executive Director to execute a fourth contract amendment with Turner Construction Company to increase the CM/GC Contract amount from \$49,978,883, to a contract amount not-to-exceed \$63,500,093, and to further increase the contract amount by \$1,219,684 (10% contingency) through contract modifications or change order if needed for unanticipated contingencies, for a total authorization of \$64,719,777, to fund certain public improvements related to the 34<sup>th</sup> America's Cup Event at Pier 19, Pier 23, Pier 29, Pier 64, Pier ½, and Piers 30-32; and
- WHEREAS, On April 24, 2012, the San Francisco Port Commission found that the activities described in Resolutions Nos. 12-39 and 12-40 did not require additional environmental review and incorporated by reference its prior CEQA Findings set forth in its Resolution Nos. 11-75 and 12-34; and
- WHEREAS, Turner Construction Company has satisfactorily completed 80% of the Phase 1 work to date, achieved local hiring of 27% and Local Business Enterprise participation of 12.5%; and
- WHEREAS, The Project status and schedule now warrant a further amendment to the CM/GC Contract to authorize the necessary funding, preparation, bidding, and implementation of additional trade subcontractor packages for construction of Phase 2 of the Project as described in the accompanying



staff report, which will continue to include robust local hire participation and will increase the Local Business Enterprise subcontractor participation above 17%; now, therefore be it

RESOLVED, That the San Francisco Port Commission hereby authorizes the Executive Director to execute a contract amendment to the CM/GC Contract with Turner Construction Company to increase the contract amount from an amount not to exceed \$64,719,777, to an amount not to exceed \$100,880,163, and to further increase the contract amount by \$3,616,039 (10%) through contract modification or change order, if needed for unanticipated contingencies, for a total authorization of \$104,496,202, to fund the work performed to date and the Phase 2 construction trade subcontractor packages for the Project, and to fund new public improvements related to the 34<sup>th</sup> America's Cup Event at Pier 19, Pier 23, Pier 29, Pier 64, Pier 1/2, and Piers 30-32; and be it further

RESOLVED, That the Port Commission hereby authorizes an extension of the term of the CM/GC Contract to December 31, 2014; and be it further

RESOLVED, That the Port Commission finds that the activities described in this Resolution do not require additional environmental review and hereby incorporates the CEQA Findings set forth in its Resolution Nos. 11-75 and 12-34, by this reference thereto.

***I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of December 11, 2012.***

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Secretary



**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 12-98**

- WHEREAS, On June 9, 2009, the San Francisco Port Commission adopted Resolution 09-33, authorizing Port staff to enter into a Memorandum of Understanding ("MOU") with the San Francisco Department of Public Works ("DPW") for the proposed Pier 27 James R. Herman Cruise Ship Terminal and Northeast Wharf Plaza Project (the "Project") in the amount of \$1,772,147 for project management services from Project development through completion of schematic design; and
- WHEREAS, On April 12, 2011, the San Francisco Port Commission adopted Resolution 11-22, authorizing Port staff to enter into a First Amended MOU, to extend the scope of work from schematic design through design development; and
- WHEREAS, On July 12, 2011, the San Francisco Port Commission adopted Resolution 11-50, authorizing Port staff to enter into a Second Amended MOU with DPW for increased design and project management services in an additional amount of \$2,111,517 (inclusive of a 10% contingency) through the completion of construction drawings, assuming Project approval following completion of environmental review; and
- WHEREAS, On December 16, 2011, the Port Commission adopted Resolution 11-76, authorizing Port staff to enter into a Third Amended MOU with DPW to increase the MOU funding from the amount of \$3,883,664, to an amount not to exceed \$7,778,267, which amounted to an increase of \$3,894,603, for further Phase 1 Project Construction administration services through the construction of the core and shell of the terminal building, and related services; and
- WHEREAS, On December 16, 2011 the Port Commission adopted Resolution 11-76, to extend of the term of the MOU to April 1, 2013; and
- WHEREAS, The Project status now warrants, and Port staff recommend, a further amendment to the MOU to increase funding for DPW services needed for Phase 2 project management services for the preparation, bidding, and implementation of Phase 2 construction trade subcontractor packages as described in the accompanying staff report; now, therefore be it
- RESOLVED, That the Port Commission hereby authorizes Port staff to enter into an amended MOU with DPW to increase the MOU funding from the existing authorized amount of \$7,778,267, to a total amount not to exceed \$9,714,495 which amounts to an increase of \$1,936,228, for Phase 2 Project Management services; and be it further





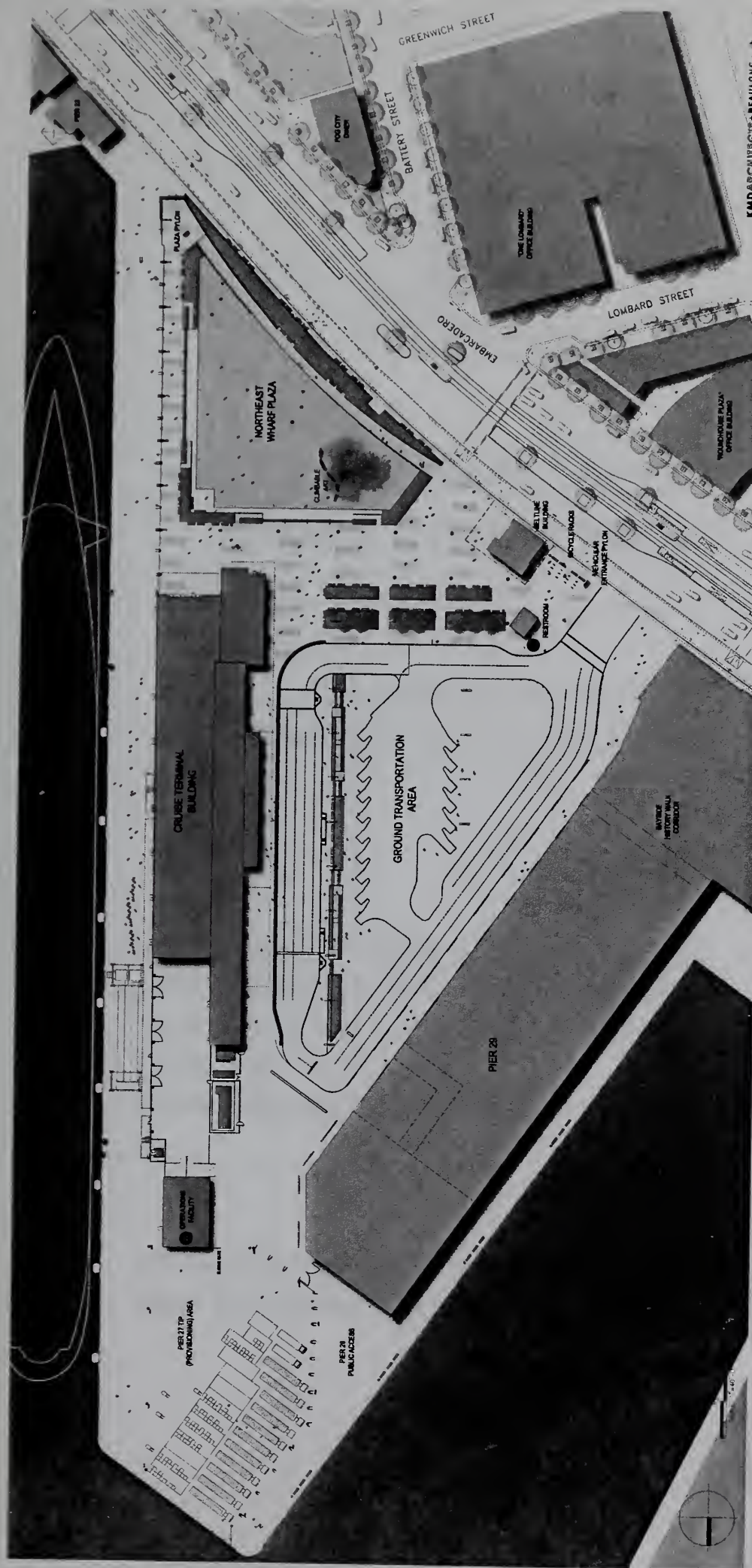
RESOLVED, That the Port Commission hereby authorizes an extension of the term of the MOU to December 31, 2014.

***I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of December 11, 2012.***

---

Secretary





**FIGURE 1 DEFERRED SCOPE**

- Operations Facility
- Public Restroom





# **SAN FRANCISCO PORT COMMISSION**

**DECEMBER 11, 2012  
MINUTES OF THE MEETING**

GOVERNMENT  
DOCUMENTS DEPT

JAN 18 2013

**MEMBERS, PORT COMMISSION**  
**HON. DOREEN WOO HO, PRESIDENT**  
**HON. KIMBERLY BRANDON, VICE PRESIDENT**  
**HON. WILLIE ADAMS**  
**HON. LESLIE KATZ**

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**MONIQUE MOYER, EXECUTIVE DIRECTOR**  
**AMY QUESADA, COMMISSION SECRETARY**





# **CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION**

## **MINUTES OF THE MEETING DECEMBER 11, 2012**

### **1. CALL TO ORDER / ROLL CALL**

Port Commission Vice President Kimberly Brandon called the meeting to order at 1:46 p.m. The following Commissioners were present: Kimberly Brandon, Willie Adams and Leslie Katz. Commissioner Doreen Woo Ho was not present.

### **2. APPROVAL OF MINUTES – November 13, 2012**

ACTION: Commissioner Adams moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. The minutes of the November 13, 2012 meeting were adopted.

### **3. PUBLIC COMMENT ON EXECUTIVE SESSION**

Victor de la Cruz – I'm here on behalf of a development company to express some concerns about the legality of the SWL 337 negotiations that you're about to engage in. Our client is very concerned that the Port of San Francisco is continuing to negotiate with the Giants on the development of SWL 337 notwithstanding the departure of the development entity that constitutes the overwhelming bulk of the proposal submitted by SWL 337 Associates LLC. Almost all of the equity, all of the experience and all of the development capability in the SWL 337 Associates LLC team's proposal was the Cordish Company, yet they appear to be out of the picture now. The result is that the existing proposal is little but a huge empty shell that bears no similarity to the original Cordish /Giants proposal that is not only tremendously unfair to the other bidders who participated in this process if it does not comply with the law in competitive bidding. The only way that the selection of SWL 337 Associates could be supported with Cordish's involvement not the Giants, accordingly if this Commission does not reissue the RFP, it will be giving the Giants an unseemly financial windfall for public trust property. To be clear, nobody doubts that the Giants are a great baseball team but everyone knows that the Giants are not a development company capable of completely redeveloping this important property with millions of new office, residential and retail square footage. Multiple development companies spent several hundreds of thousands of dollars combined if not more putting together proposals only to now find out that the Port set up a process that may have been calculated to benefit the Giants only. This doesn't look good. The Giants may end up bringing another development company but that development company did not win the competition and would be offering a completely new product. The case law is clear on this. As an example, you can't ask bidders to submit proposals for a computer word processing program, only to end up awarding the contract to the bidder that ends up giving you pens and pencils because its partner who makes the computer word processing programs is nowhere to be found. That is what's going on



here. The Giants may have been part of a winning team but the delta between what they said they would bring to the table and what they are bringing now is an insurmountable material deviation. State law and the City's Administrative Code require a new competitive process to vet any new developer that is going to now be primarily responsible for this project.

#### 4. EXECUTIVE SESSION

A. Vote on whether to hold closed session.

ACTION: Commissioner Adams moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor.

At 1:50 p.m., the Commission withdrew to executive session to discuss the following matters:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER (Discussion and Action)

Discuss anticipated litigation matter pursuant to Section 54956.9(c) of the California Government Code and Section 67.10(d) of the City and County of San Francisco Administrative Code.

Proposed Action: Approve the negotiated Settlement Agreement with Sinbad's Pier 2, Inc., a California corporation ("Tenant") that (i) requires the payment of back rent with interest, orderly lease surrender and waiver of claims including claims for relocation benefits by Tenant; (ii) and, in exchange, restricts Port's rights to unilaterally terminate the holdover lease and associated parking agreements before December 31, 2014 under certain circumstances and (iii) includes other terms as set forth in the Settlement Agreement on file with the Port Commission Secretary.

(2) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. **\*This session is closed to any non-City/Port representative:**

- a. Property: AB 8719, Lot 002, also known as Seawall Lot 337, AB 9900, Lot 62, also known as China Basin Park, and AB 9900, Lot 048 and AB 9900, Lot 048H, also known as Pier 48 (all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street, and Third Street)  
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development  
\*Negotiating Parties: Jack Bair, SWL 337 Associates, LLC

- b. Property: AB 4052; 4111, lots 3 and 4; also known as Pier 70 Waterfront Site, located near the intersection of 22<sup>nd</sup> Street and Illinois



Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development

\*Negotiating Parties: Forest City Development California: Kevin Ratner and Alexa Arena

## 5. RECONVENE IN OPEN SESSION

At 3:25 p.m., the Port Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Adams moved approval to recess closed session and reconvene in open session. Commissioner Katz seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Adams disclosed that the Port Commission unanimously approved the settlement agreement between the Port and Sinbad's Pier 2, Inc. as described in agenda Item No. 4A and moved approval to not disclose any information discussed in closed session; Commissioner Katz seconded the motion. All of the Commissioners were in favor.

## 6. ANNOUNCEMENTS: The Port Commission Secretary announced the following:

- A. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting: Please be advised that the ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.
- B. Announcement of Time Allotment for Public Comments: Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

Commissioner Brandon - Before we move into the Executive Director's Report, Commissioner Adams has requested that we start each meeting with the Pledge of Allegiance. Can we please join Commissioner Adams and the Commission in the Pledge of Allegiance?

Commissioner Adams - I pledge allegiance to the flag of the United States of America, and to the Republic for which it stands, one nation, under God, indivisible, with liberty and justice for all.

## 7. EXECUTIVE

- A. Executive Director's Report – Executive Director Monique Moyer reported the following:







- Update on Water Taxi Service - At our September 11, 2012 meeting, the Port Commission authorized port staff to execute contracts with two vendors, Tideland Marine Group and San Francisco Water Taxi Company for water taxi service. We have had quite a bit of passengers moving by water taxi, and would like to update the Commission accordingly.

Tideland Marine Group has one vessel that's been running since Sunday, October 7, 2012. That was the great weekend of Fleet Week and the America's Cup and the World Series or the World Championship Playoffs, etc. They started service on Sunday, October 7, 2012 between three Port of San Francisco locations and other landing points such as Treasure Island, Tiburon, Sausalito, Angel Island and the San Francisco Yacht Club.

On November 20, 2012 they submitted their first monthly statement. It showed that in their first three weeks of service they had 91 landings at the Port of San Francisco sites, which carried 412 passengers or an average of 4½ passengers per landing. 184 passengers moved in and out of Pier 1½, which is located behind La Mar Restaurant. 157 passengers landed at Piers 40 and the South Beach Marina, and 71 passengers were transported to or from the Hyde Street Pier in Fisherman's Wharf.

Our second operator, San Francisco Water Taxi Company, is slated to begin their routes as of the first of the year. We're looking forward to having more passengers moving up and down the waterfront by vessel as well as by every other mode of transportation that we offer.

- Pier 43½ Ribbon Cutting – December 17, 2012 at 2 p.m. - The opening of Pier 43½ promenade, which is a project that has been long on the horizon for the port and was part of our 2008 General Obligation Bond Request, will take place on December 17, 2012. It's funded from a variety of sources, not the least of which is the GO bonds. The work entailed significant repair of the seawall. That's the area between the Franciscan Restaurant and Blue and Gold Fleet at Pier 43. It is now an amazingly gorgeous promenade. It is so pretty that everything else looks a little shabby around it that the port owns, Pier 39 and Blue and Gold excepted from that. We have work to do on our historic arch to bring it up to the same standard. On Monday, December 17, we will have a ribbon cutting ceremony with Mayor Lee and our port commissioners at Pier 43½ at 2:00 p.m. It will be a traditional gorgeous day on San Francisco Bay.
- Port's Foreign Trade Zone No. 3, featured as Zone of the Month in the *National Association of Foreign Trade Zone's Zones Report* - The Port has had a foreign trade zone since 1948. Ours was the third in the country to be established. The port's foreign trade zone #3 was recognized as the December 2012 Foreign Trade Zone of the Month by the National Association of Foreign Trade Zones and, in part, because of the ability to utilize our foreign trade zone from tech to clean tech to green tech, biotech,



etc. and the ability that you all have been helping us with to expand our trade zone so we're now covering San Francisco County, San Mateo County and parts of Contra Costa County. I want to commend Jim Maloney and Peter Dailey on the Maritime staff for their entrepreneurialism in this regard and reinvigorating a trade zone that's been around a long time and so much so that we've gotten an award for it. It's very gratifying. Congratulations to them.

- Port of San Francisco received a 2012 Editors' Pick for "Best U.S. Port" by Cruise Critic® - We have received a second award on our brand new cruise ship terminal, which is not yet constructed nor opened, but it is a great shot in the arm. I wish they were awarding us back when we needed funding. That might have helped with that. Nonetheless, we have been awarded the 2012 editor's pick for Best U.S. Port by Cruise Critic, which is an interactive community blog mostly for people who are travelers in the cruise industry. They have picked San Francisco as their 2012 Best U.S. Port on the basis of it being one of the most beautiful cities in America to sail into, and that San Francisco has long been a contender as one of the country's best ports. New efforts to redevelop its waterfront and build a state-of-the-art cruise terminal combined with fantastic sightseeing and easy-to-access air service put it over the top. We're very gratified by that award. Our thanks to Joe D'Alessandro and San Francisco Travel for making sure that we're always mentioned whenever they have folks coming into town. We're excited about it. I got to see the cruise terminal with Kim von Blohn and it's going to be stunning. It's an amazing site. My thanks to everyone.
- USNS Richard E. Byrd in drydock repair at BAE SFSR at Pier 70 from November 27, 2012 to January 17, 2013 - The USNS Richard Byrd is in dry dock at Pier 70. She has been there since November 27, 2012 and will be there until January 17, 2013, a total of 53 days. She is in dry dock for her regular overhaul and dry docking. She is a cargo and ammunition ship owned by the U.S. Navy. She's the second ship to come in since we've established our shore power system at Pier 70. The whole reason that she's been able to come here to San Francisco is its ability to hook up to the shore power system, which is a critical component for the Navy when they're awarding these contracts. This one contract is somewhere between \$13 and \$15 million depending on how much of the extra work the Navy can afford and wants to do. It will generate somewhere in the neighborhood of 70,000 man hours in the 53 days that it's here. It's very exciting news for us. Between the USNS Richard Byrd and the USNS Matthew Perry, which is the ship that came in previously, business with respect to the new shore power system equals about \$26 million and over 150,000 man hours. What a great investment, and our thanks to all the port team and our friends at various regulating agencies who helped us, and of course our thanks to BAE.
- Opening of *Hardwater*, Charles Phan restaurant at Pier 3 – January 2013 – In January 2013, our good friend, Charles Phan, owner of Slanted Door and a myriad of other restaurants is going to open a new restaurant at Pier 3





that's going to be named Hardwater after the type of water preferred when making whisky. Unlike some of his other sites which have an Asian influence, Hardwater is going to be New Orleans inspired. It's going to specialize in bourbon and other whiskies, and the menu is going to be heavily revolving around whiskies and stirred drinks stemming from Stanley Arthur seminal 1937 book entitled, "Famous New Orleans Drinks and How to Mix 'Em." It's about a 1300 square feet space on Pier 3 right next door to the Plant Café, and we are honored to have a third Charles Phan location on port property.

- Schedule of Port Commission Meetings for 2013 attached hereto  
Cancellation of Regular Port Commission Meeting - January 8, 2013  
Special Port Commission Meeting - January 24, 2013 - The schedule for the 2013 port commission meetings is attached to the agenda. It follows all of our regular meeting dates pursuant to our bylaws with the exception of January. The January 8<sup>th</sup> meeting came up really fast on the holidays. We've asked to push that back a little bit. Our January meeting will be held on January 24, which is a Thursday here in this room beginning at our regular time of 2:00 p.m. with public session at 3:15 p.m. All of the rest of the meetings for 2013 are as they would normally be, the second and fourth Tuesday in certain months and the second Tuesday in some of the other months such as the summer months. To reiterate, our regular January 8, 2013 meeting is cancelled and a special meeting is scheduled for January 24, 2013 here in this room.
- Commendation for Alan Nevling, Port Survey Associate, upon his retirement  
To the really not-so-happy news, which is the moving on of two really great friends who have been at the waterfront for a very long time doing amazing things.

Alan Nevling has been doing surveys at the port for over 18½ years. He joined us from the Department of Public Works. In the last 18½ years, surveying has evolved from a very manual process to a more complex computerized process. Nonetheless, it is a very critical function here at the port. It affects things like our dredging control, how we measure that, designing and leasing of our properties, repair and construction plans, surveys for lease boundaries, etc. Alan has worked on an amazing number of projects which will live on in perpetuity. Thank you for that legacy, Alan. It's not that easy to be a port surveyor. A lot of their projects are actually under the piers, and they require a boat to perform the surveys. The surveys require you to bounce along regardless of the tides and get very precise measurements between columns or other types of installations. It can be apparently a little scary I'm told. Alan has magically not made it into the club of port staff who have fallen into the bay, so congratulations. That is a very exclusive club, and I thank you for not joining it. Alan is an amazing person. There is no task that is too difficult for his very analytical mind. He is a good friend to all of his colleagues. Many years ago, I once asked him, "What is the distance between Pier 48 and Heron's Head Park." His answer so amused me that I kept it. He replied, "In case you would like to know, it is 2.6





miles as the crow flies. It is 3.0 miles as the crow walks street front to street front, and it is 6.0 miles if the crow hikes from the northeast corner of Pier 48 all the way to the tip of the Heron's Head beak." That is nothing if not precise and humorous and really fun and something that we will never forget. You should be a math teacher because you know how to make math fun. On behalf of all of us, thank you for your great friendship, your amazing stewardship, your amazing talent. It's really hard to believe you're not going to be with us. You've been out on vacation a few times, and we don't do so well without you. I hope you don't go too far. The rumor has it you might be going to a state that isn't surrounded on any sides by water, maybe one little bit, and that's hard to imagine so hopefully that means you'll be back with us very often. Please join me in a round of applause for Alan

Commissioner Brandon - We have a wonderful plaque for Alan but before we present it, we would love to hear from anyone who wants to come up and say something about Alan.

Ed Byrne, Chief Harbor Engineer - It's hard to imagine it's been 18½ years since you and I talked about this position. You decided to come over from DPW, and you know I haven't regretted a moment of that. It's been so wonderful having you here. You've just been great to work with. You're always very energetic and accepting of the work assignments and just getting it done. It's been wonderful working with you. Thank you for all the goodwill you've generated from the other groups. You're not just working with engineering on your assignments but you've also been working with all the other divisions. I hear so many good things about you and your work with planning and real estate and all the other divisions and getting things accomplished port wide. Thank you so very much, Alan, and I wish you the best in your retirement.

Uday Prasad, Senior Civil Engineer - I am in charge of the facility's engineering group. Alan has been in my group since I joined the port in 2002, almost 10 years. Alan is so pleasant to work with. He always has a solution to the difficult problems. Every time I go to him, "Alan, can you do it? It seems kind of a complicated problem to me." Alan would say, "Yeah, let me think about it. Let me look at it." Within a few hours, you have the solution right there. Alan is very talented, and he is a great person to work with, and he made such a valuable contribution to the port's graphics and mapping needs. It would be hard to replace him. I will miss him, and I wish him all the best in his retirement.

Susan Reynolds, Deputy Director Real Estate - First of all, best wishes to you, and my condolences to Ed for losing you and to the rest of us who are going to have to survive without you. I don't know if our lease exhibits are ever going to be the same, but I want to thank you again and reiterate what the others have said. I've never heard no from you, and that's one thing that I'm really thankful for because it's so hard to get stuff done sometimes because there are so many moving parts but you always come through, and



we appreciate it. Real Estate is really going to miss you, but we wish you the best.

Suzanne Nevling - I'm Alan's wife. I'm not going to give laudatory comments. Everyone has spoken very well of my husband. He has often wondered what he will do in retirement. About a month ago, we learned about a site for online tutoring and other things. I've been encouraging my husband that he can pass on the skill of surveying by teaching others through this source. We're investigating that or any other way that he could do surveying and teach it to others.

Brad Benson, Special Projects Manager - I want to add to the chorus. The port's such a small organization, and we have so many diverse activities that we undertake. We need renaissance people like Alan. He is so capable with surveying work, GIS work, the mapping work that he does for us. You're such a polite, intelligent, unassuming person. I often wonder, sometimes you have that bemused smile on your face as you watch the rest of us run around the port, and we're really grateful that you've put up with the frenetic pace of all of our requests. We know that you'll find something great to do with your skills and your knowledge, and it sounds like teaching would be an excellent thing to do. I want to close with two little observations. One, I recall we had worked together on the Specialty Crushing project in terms of putting together the lease boundaries. We had our tenant crush a pile of rock and store it on the backlands. The backlands is an unimproved landfill, and it started to sink. I remember getting extremely worried about that and running out, and you figured out how much it had sunk. It had sunk something like four feet. You gave great relief to all of us that it was not sinking further. On a personal note, I would like to thank you for making me feel like my desk is not so messy.

Alan Nevling - I want to thank you all. It's been a pleasure and an honor working here. I don't know what else to say. I'm kind of choked up, but I've enjoyed every bit of it. Thanks a lot.

Commissioner Brandon - Before you leave, we have a plaque for you. It reads, "Alan N. Nevling, thank you for 18-plus years of outstanding service, May 1994 to December 2012, Port of San Francisco." You will definitely be missed.

Monique Moyer - Good luck, Alan. Please leave us your email so I can ask you these questions because I'm sure you've committed them to memory.

- Commendation for Robert MacIntosh upon his retirement as CEO of Pier 39  
Monique Moyer - Our second defector is Robert McIntosh, the President and CEO of Pier 39, a position that he has held for a lifetime. He joined Pier 39 in 1984. He saw Pier 39 through the Loma Prieta earthquake, which was a big deal, the eventual demise of the Embarcadero freeway, which I'm sure impacted business for quite a while, all of the great, extraordinarily wonderful





development the port has been doing in that period of time as well as a whole bunch of other impacts to tourism, positive and negative. Bob has served as CEO of Pier 39 for about half of his tenure; about 12 years dating back to 2000. He is trying to retire at the end of this month. He managed to get two feet out the door in August and has been consulting back to the pier ever since. He's just been an icon of the waterfront, someone who has represented the interests of the waterfront all over the city. Bob has been a board member of San Francisco Travel, the Fisherman's Wharf Community Benefit District, the St. Francis Foundation, SPUR, San Francisco Chamber and the California Travel Industry Association.

Under Bob's guidance, he has continually tested and changed out the shops and restaurants and the entertainment as well as retaining the best of the best. He's driven Pier 39 into its current world renowned, an amazing number of visitors every year, and its reputation for being a family-friendly location.

There are a number of things about Bob I love, but his own stated key to success tells you why he's been so successful at the waterfront, and that is his belief that people like to be on or close to the bay and that they are drawn by the activity on the bay from the large cargo ships, the passenger ships to the sailboats and the kayakers as well as the amazing sea lion sanctuary that has come under Bob's reign and their draw of fresh fish, which we all take for granted on the waterfront.

When I was first announced as port director, some period of time before I had taken the job, Bob reached out to me right away and sent me a letter saying, "We're your biggest client, and we're here to help you." I kept that letter, and I've cherished it, and we've worked really well together over the years. Bob has helped make this waterfront the success that it is and attracted all of the great new businesses that have followed. It's hard to imagine a future without him, but fortunately he only moved up the street. Bob is going to be helping us, and we are trying to hook him to be on our committee for the 150<sup>th</sup> anniversary of the port.

Bob, you have a ton of friends here in the audience. They all say wonderful things about you, but I really want to tell you how much we all have enjoyed working with you and how much we admire what you have accomplished and do our best to support and emulate it. Thank you for setting the bar very high, and please come back here and tell us how to do it all the time.

Taylor Stafford and friends of Bob - I want to share some observations about Bob. For all of us lucky enough to have worked with Bob, each person received something special from their relationship with him -- confidant, mentor, father figure, and friend. For those of you who haven't met Bob yet, make an effort to do so because he is genuinely a warm and wonderful person. Bob's capable leadership and steady influence helped Pier 39 weather terrible disasters such as 9/11 and the 2008 economic meltdown.





More importantly, he helped us prosper by staying focused on the task at hand, keeping Pier 39 a clean, friendly and fun place to visit.

Under Bob's watch as CEO, Pier 39 became the number one most visited attraction in the city according to San Francisco Travel. Total sales have grown from \$167 million to \$200 million today. Bob singlehandedly restored the faith and goodwill of tenants and employees in the Pier 39 organization. These are Bob's legacies to Pier 39, to Fisherman's Wharf, to the port and to the city. Thank you, Bob.

Note: Taylor and friends sang "For He's A Jolly Good Fellow"

Susan Reynolds, Deputy Director of Real Estate - I want to wish you well in your retirement, but don't be a stranger. Thank you for all your support and everything that you've done including leaving Pier 39 in very capable hands. That's always important. If you're going to leave, leave a good structure behind and he's definitely done that. On behalf of real estate, I want to thank you for making our lives so much easier.

Joe D'Alessandro with San Francisco Travel - I would like to add my comments about Bob McIntosh and what he's done not only for Pier 39, but for the city. I'm not going to sing, but I'm going to offer to share Bob's sparkling wine with him after this meeting. Bob has done a remarkable job at Pier 39, and it really has made it one of the city's, if not the state's, premier attraction for visitors and really does help make San Francisco a unique place to come and visit but Bob also has given to the community as a whole. He's given not only to our board, but he's given to a lot of organizations and into these to make San Francisco a better place, a better place to live, a better place to visit. We've had some great memories working with Bob from hosting International Pow Wow on Pier 39 a year and a half ago to his involvement with the passage of the Tourism Improvement District and the renovation of Moscone Center. On behalf of the entire hospitality industry, I want to say it's been a pleasure working with Bob. He's just a fantastic guy. We're glad he's not leaving town, and he's going to stick around because we're going to definitely need his talents into the future. Bob, thank you for everything.

Kevin Carroll, Hotel Council of San Francisco - I also wanted to thank Bob for quite a few things. When I first started working on Fisherman's Wharf with the Community Benefit District, Bob was the person who helped me navigate my way through the politics of the wharf, also the politics of San Francisco. You were always so inclusive to the point where Bob would call me and say, "We have an extra ticket for this luncheon. Would you be able to go?" And I'm like, "Absolutely" because I wanted to try and meet more people. At times people asked me if I worked for Pier 39, and I thought that was the ultimate compliment because just visibly and everything you did was to make sure that I was included. I want to echo the fact that you've done incredible things



for Pier 39, for the wharf, for the waterfront and for the city. Thank you for always being so supportive of the work that we do.

Jay Edwards, Senior Property Manager - I'd like to thank Bob personally first of all. When I first came to the port the same time Kevin did, you took the time to take me under your wings, create a nice partnering relationship. You helped me navigate through, as Kevin said, some of the politics and got us involved and off to the right direction. I'm so glad that you were there for me, thank you. I wish you the best of luck in your new score. We're looking forward to being able to see the results of that. I'm sure you'll do fantastic.

Commissioner Brandon - Like everyone else, when I first joined the commission, Bob was one of the first people I went out to lunch with. We had lunch at Pier 39, and he told me all about Pier 39 and the Fisherman's Wharf area. I learned so much. He is definitely an institution to the waterfront so we are definitely going to miss him. We have this wonderful plaque that does not even say enough about your contribution to the waterfront, but it says, "Robert McIntosh, recognizing 28 years of dedication to welcoming visitors from near and far and to the revitalization of San Francisco's Waterfront. Many thanks and best wishes, Port of San Francisco, December 2012."

Bob McIntosh - Twenty-eight years went pretty fast. All the people that I've worked with at the pier, at the port, they are the ones that made the job easy. All the people at the pier, they did all the work. I kind of steered the ship, but they did the work. I really give them all the credit for the success of Pier 39. There's no question about that. I thank you very much. I have great memories, and I will keep them, and I appreciate this. Thank you.

Monique Moyer - In a little bit of sad news, I hope we are going to be able to adjourn today in honor of several people that we've lost in the last month. Those include Frances Alioto, Steve Chu, who died as a young man in his early 50's, an active port employee, John Kellogg, who was one of our engineers who lived well into retirement. I'd also like to add Walter Newman, who passed away this weekend, and Steve Giraudo of the Boudin's family who also passed away last week.

B. Informational update on Jefferson Street Public Realm Project, commencing January 2, 2013.

Monique Moyer - I'd like to introduce John Thomas of the Department of Public Works who is the project manager for this project. It transcends since multiple departments are involved. We're grateful that he has taken it on together with a number of port staff who will be supporting him.

John Thomas - As Alan leaves, I'll acknowledge that I worked with AI in the early 1990s at DPW, and we sorely missed him when he left. It's a coincidence but a happy one to be here on his last day. Good luck to you, AI, and it was nice working with you back then.





I'm here to provide you with a brief update on the Jefferson Street Project. As you know, Phase 1 of the project extends from Jones Street to Hyde along Jefferson and will include complete replacement of the sidewalks and roadway, new lighting, pedestrian amenities, etc.

The sidewalks on the south side of the street will remain at 15 feet, and an all-new 15-foot sidewalk will be added to the north side of the street. This will result in a 24-foot roadway, which will provide one lane of traffic in each direction, and parking is eliminated within those minutes.

The bids were opened on October 3, 2012. A Notice to Proceed was granted to the contractor, Bowman Landscape and Construction on December 3, 2012 and construction is scheduled to begin on January 2, 2013 and expected to be completed by June 2013 in time for the summer's America's Cup races.

The first phase of construction will entail the removal of the tracks on the north side of the street followed by repaving. Once that work is completed, traffic will be moved over to that section, and we will begin work on the south side of the street to include the entire new roadway as well as the sidewalks. We will maintain access to all of the tenants on both sides throughout the life of the project. One phase which has already been concluded is PG&E's replacement of the gas line between Jones and Leavenworth, and within the life of this project, we will also replace the water main along the entire lane from Jones to Hyde and then also extending approximately 180 feet beyond that to the west.

Again, once completed, traffic will move to that side and the contractor will focus on the south. Once the contractor is done with the south side and the roadway, we'll flip the traffic back to there and do the final portion on the north side. The contractor is estimating completion by the end of May with final punch list to occur during the month of June.

Tad Sky - I've been a street artist since 1974. Most artists like the revitalized Jefferson Street made into a promenade more pedestrian friendly. In fact, we like it so much that we'd like to be part of it. The widened sidewalks provide even more space for our little 3x4x5 foot booths. We used to have more than 35 spaces on Jefferson Street, but due to construction and other changes to the street, we have only about 15 left. Even though most artists don't work there due to the lack of spaces available, we circulated a petition this past weekend, and over 225 artists signed it requesting that these few spaces remain part of our program. I sent you a copy of this petition last week. The petition reads, "The San Francisco Street Artist Program just celebrated its 40<sup>th</sup> anniversary. For most of those years, we've had selling spaces for our handmade wares on Jefferson Street between Hyde and Jones Streets. The construction project, which begins in January 2013, will revitalize the area, and we look forward to a beautiful new pedestrian mall. We feel that we add to the colorful ambience and mix of activities that draw worldwide visitors. However, we fear our spaces may be eliminated when the project is completed. Therefore, we petition you to





provide the same number of selling spaces as we have at the present time." Although we've had meetings with port staff concerning these spaces, we have yet to hear a definite or definitive, "Yes, we will include you in the final plans." Therefore, we are appealing to you, commissioners, who see the big picture to ensure that we will be included. On the Port Commission's Web site under "Seven Goals of the Waterfront Land Use Plan," it states, "Economic access which reflects the diversity of San Francisco," also, "diversity of activities and people." This quite accurately defines who street artists are. Finally, locals and visitors come to the wharf because it's fun and interesting and maybe a little unpredictable -- music, performers, cafes and street life including artists making it exciting. In some ways, we are information ambassadors, where to eat, how do get to where can I buy this or that. Please keep street artists on Jefferson Street.

John Tunui - I'm the manager at the Justin Herman Plaza across the street from the Ferry Building. I'm speaking on behalf of the street artists to request that we be kept on Jefferson Street when the construction work is done. Even though I'm here at the Justin Herman Plaza, I think we were all in the same situation at about this time last year when the homeless encampment was across the street from me affecting all the businesses all along the waterfront. We're right in the front line of that, and we were acting as a buffer to protecting a lot of businesses and interests along the waterfront. We would like for you to take that into consideration that we're not only a colorful part of the city in terms of providing locally made art, but we also were brothers in arms at one time when the encampment was there. We're like begging, we're asking that you keep us in your good stead and keep us at Jefferson when the renovation is complete.

Steven Phillips - I'm a photographer, and I am a street artist in San Francisco and have been in San Francisco since 1970. I used to live at Jefferson and Mason and walked down to the Eagle Café before there was a Pier 39, and it sat in a lumber yard. I recognize how much this city has changed since then, and a lot of the changes have really made this one of the most remarkably beautiful waterfronts, and it certainly wasn't that back then. I want to add to what Tad and John said that I believe that the street artists add a tremendous amount of vitality to this city. I'm always happy to be asked and answer questions, and we get a dozen of them each day. When I'm across the street, I love, "Where's Market Street?" "Where's the Ferry Building?" I can't tell you how many times I've been asked that question, and I'm always happy to point them in the right direction. We make our own crafts. We think that we really represent something very unique and very different. That is something special to the tourists that visit this town and the people that live and work here. About 25 percent of my customers live here in San Francisco. Thank you for your consideration.

Debra King - I have held a street artist's license in San Francisco for 36 years. It's a wonderful experience. It's color, but it's also humanity, which I think all of us can agree we need a little bit more of. We offer that beautifully talking to strangers who know nothing about San Francisco. They become acquainted with native San Franciscans, which I am a third generation native San



Franciscan. People who were once strangers are now friends. They feel safe. They feel valued. We do that. We offer that service. One gal who was a former street artist, she's now an international English teacher, was riding the MUNI home one afternoon. She overheard two ladies who were travelers. They were reminiscing about their visit. It was their last day. They said that the highlight of their visit was their interaction with a street artist who made lace camisoles. Well that street artist was me many years ago. I feel honored because we touch the lives of people. It's not just a commerce thing, but it is a personal interactive venture that we partake in. It is rewarding for the people that visit and for us as well.

Kathy Hallinan - The last time I was here was in 1994 when Dennis Bouey was the Executive Director, and we had an invitation by the port at that time to come back and visit us again. I'm just showing you some of the beautiful things that my family and I have made over the last 40 years. I've had my license since 1974. I've also been fortunate enough to be able to work with DPW and the port and the Merchant's Association to revise the Jefferson Street Plan to include the beautiful trees of Jefferson Street. Like the trees of Jefferson Street and the sea lions of Pier 39 and the street artists, we are perhaps a forgotten asset. Like the other artists have said, in my day-to-day working with the people that I meet and in making every single thing that I make, and the fact that you cannot find it anywhere else in the world, I always refer people to the Ferry Building. I tell them one of the first things you have to do is go there to the Farmer's Market and pick up some beautiful pieces of fruits and also to the hotels and to the Maritime Museum and the restaurants. This is what I do on a continuous basis for 40 years, and I never get upset. I always answer the questions as if I've never been asked that question before. I want to remind you that we just celebrated our 40<sup>th</sup> anniversary. Sort of like the yin-yang symbol of life, which is a mixture of things, I look forward to coming back. We haven't been back here since 1994. I don't want you to forget us. I want you to see what we make. I think that's important. I want you to know that what we do is a real asset. A lot of the art that was done in the early 1970s is collected by some very famous people. I had a couple of Ralph Lauren's designers buy some pieces from me because Ralph Lauren himself sends people out around the world to collect the kind of leatherwork that my family did. The arts and crafts that were done in the early 1970s by myself, my family, and I'm a second generation and we started in the 1960s, is collected by a lot of people. This is something that's rare and unusual. That epoch or that period of time in the early 1970s when we were chased out like the seals, but now we come to celebrate the seals. There's a seal sanctuary. If you go on eBay and if you look in the Ralph Lauren stores, you're going to find the belts that my family made, and they're going to be \$1000. We have a heritage here. We've been here for a very long time, since 1974. I look forward to working hand and glove with you to protect our environment, to protect the port, to add to it. As I walked down the street as I was coming in here, it had all the notes and signs about sustainability, etc. I hope we can look forward to another 40 years.





Larry Rosenbloom - I'm the spirit of Jefferson Street past. I haven't been an active street artist for about 10, 12 years, but for 25 years, from 1975 to 2000, I basically lived on Jefferson Street. I spent a lot more time there than I did at home. You can ask my ex-wife; she'll confirm that. The reason I went back there is that I was really appreciated there. I think the wharf needs a balance. I'm not going to say the restaurants, the chain stores, the individual proprietorships, but there was something about the human contact that people got from street artists that their eyes lit up. They genuinely appreciated it. I would make custom work for people. I went home every day feeling like I had human contact with people, that I showed them a taste of our city that they're not going to find in their home town. I don't have an exact fight at the moment, but just from my experience in the past, it's really an institution you have to support.

Brian Hopper - I've been a street artist for 32 years. I have in my hand a series of names that I collected from the merchants at Fisherman's Wharf supporting our presence there. I'd like to present it to you.

Commissioner Katz - I want to thank everyone for speaking. As somebody who grew up in Berkeley, our version of Jefferson Street was Telegraph Avenue, and I can't begin to count the number of hours I spent wandering down there. I appreciate all of you coming forward. It is something that makes San Francisco unique and interesting as the diversity of opportunities we have for people that visit our city. I hope that our staff will work with the artists, will take time to figure out how we can manage to incorporate all of the different opportunities as we move forward. Thank you for coming today.

Commissioner Brandon - Do you want to comment on what our plans are for the street artists if we have taken that into consideration yet?

John Thomas - That would probably be a question for port staff, but I can say that during construction, certainly as we take over the large sections that we'll be required to do in order to reconstruct everything, it would be both inconvenient and perhaps unsafe to have them there during the construction. Beyond that, that's a port jurisdiction issue.

Susan Reynolds, Director of Real Estate - We have been working with the Arts Commission. I want to thank Howard Lazar from the Arts Commission for working with us. One of the things we want to do is see what the sidewalk looks like when it's completed and where there would be space for the artists and also taking into consideration our tenants, the tenants across the street and our street performers, because that's another layer on this. We're committed to working with everybody to work all this out in the end. I ask for everybody's patience.

Commissioner Brandon - This project is scheduled to be completed in June. We look forward to staff coming back and giving us an update on the street artists' request.





Susan Reynolds - We're also working with the Fisherman's Wharf Community Benefit District on this matter.

C. Informational presentation on the maritime commercial activities of Blue and Gold Fleet, LLP and the economic benefits and fiscal impact generated by its Bay Excursion, Motor Coach Tour, and Commuter Ferry operations.

Monique Moyer – I would like to note that this is in keeping with the request made by Commissioner Adams for staff to profile a maritime tenant monthly. We chose Blue and Gold to represent our first foray at looking at ferry service both from a commuter and an excursion perspective. The presenters are Gerry Roybal from our Maritime Division and Carolyn Horgan of Blue and Gold Fleet.

Gerry Roybal, Maritime Marketing Manager - As alluded to this past October, the request from the commission was to bring forth some of the great examples of maritime commerce and maritime activities that are within the port's customer base. We're beginning with Blue and Gold Fleet, a 33-year tenant of the port. It's hard for us to think of a better example. The Port of San Francisco manages one of the most diverse business portfolios and maritime businesses of any port in North America. Strategically the way the Maritime Division goes about organizing and dealing with this very customer base is by dividing it up into largely eight major categories based on the operational similarities for each. This way we can pay attention to and provide the services and solutions to those customers who act and work alike and have the same needs, and that will ensure greater success for them and the port.

Among the eight divisions, cargo shipping still provides the materials and the cargo and goods that are the life blood of our civilization. Commercial fishing and fish processing brings fresh food and good health to our tables. Passenger cruise shipping not only provides entertainment and an enjoyment for the passengers who board the ship, but it also helps San Francisco remain high in terms of the attraction as a guest destination around the world.

Ship repair employs hard-working men and women who work on the ships, and currently we're employing at least 250 to 300 people a day fulltime, and as the work increases, we often see those headcounts go up to over 1000 people a day.

Recreational boating is something that we're looking forward to an increase in demand, particularly as we successfully sail through our experiences with America's Cup over the next year or so.

Harbor Services is a fundamental part. It's kind of the foundation of the maritime business. It's the services that attract boats and ships and keeps us going in business.

Commuter ferries and excursions are the core business of the port's maritime sector. We carry on average of over 3.2 million ferry passengers annually.



These are commuter passengers moving between their homes and work places and destinations. We also safely transport over 3 million excursion passengers annually, people who are out looking at the destination sites such as Alcatraz, Angel Island, and Golden Gate Bridge.

In addition, we oversee the operations of the international cruise ships that handle 200,000 international visitors to and from the port annually plus another 60,000 crew members that are aboard those ships.

Gerry Roybal,

Our ferry services operate chiefly out of the downtown ferry terminals behind the Ferry Building. They also operate out of Pier 39 and Pier 41 in the north. Gate B of the downtown ferry terminal is primarily for the northbound lanes such as Vallejo and the Tiburon/Sausalito services. Gate E, which is on the south side of Ferry Plaza, is for Alameda, Oakland and the Bay Harbor Island Services. Blue and Gold Fleet actually does the operations and the maintenance of all these vessels, and they'll be describing that activity to you in a moment.

In addition, we also have a ferry landing that the Maritime Division oversees at China Basin. On average, about 7 percent of the game attendance for every home game of the Giants is conveyed to and from the ballpark by ferries.

Carolyn is the President of Blue and Gold Fleet. She'll be able to give us a much better insight and a better explanation of just how important the ferry and excursion services are to the Bay Area and the Port of San Francisco.

Carolyn Horgan - Thank you for the opportunity to give you a little insight to Blue and Gold Fleet. Blue and Gold has been a port tenant since 1979 when Roger Murphy, who found the company, and developer, Warren Simmons, recognized the opportunity that existed at Pier 39 to operate excursion and sightseeing cruises.

The very first Blue and Gold Fleet bay cruise set sail on May 27, 1979 from Pier 39. Blue and Gold expanded into the commuter service in 1991 operating the Alameda/Oakland Ferry. The service started after the Loma Prieta earthquake in 1989 and was the beginning of a resurgence of ferry service in the Bay Area.

In 1994, Blue and Gold expanded its reach by taking over operation of the Vallejo service. The service started in 1986 when Marine World moved to Vallejo. When the service was conceived, it was thought the traffic would be from San Francisco to Vallejo with visitors traveling to Marine World. The unanticipated result of the ferry service was a healthy commuter market with passengers traveling from their homes in Vallejo to their jobs in San Francisco.

Blue and Gold acquired most of the assets of Crowley's Red and White Fleet in 1997, which included not only the Alcatraz service, but routes serving Tiburon, Sausalito and Angel Island. In addition, the Marine Terminal at Pier 41 was part of the acquisition.





In 2011, Blue and Gold received the ISO 9001 certification in customer service. Our Safety Management System was certified by the American Bureau of Shipping. This was a huge accomplishment for the company, one everyone contributed to.

This brings us to 2012 when Blue and Gold entered into a five-year agreement with the Water Emergency Transportation Authority. Under this contract, Blue and Gold operates and maintains 11 vessels owned by WETA.

Blue and Gold operates, crews and maintains 19 vessels. Four of these vessels are capable of speeds of 40 knots and are used in WETA's Vallejo service. They are maintained in Vallejo by Blue and Gold employees. Seven vessels are owned by WETA and operated by Blue and Gold in Alameda, Oakland, Harbor Bay and the newest service, the South San Francisco Ferry Service.

The remaining eight are owned and operated by Blue and Gold in our excursion business, which includes bay cruises, charters and our rocket boat. We operate ferry service to Tiburon, Sausalito and Angel Island and, in fact, Blue and Gold operates the only unsubsidized service on the West Coast, our commuter ferry service to Tiburon. The 15 vessels which operate in San Francisco are all maintained by Blue and Gold Fleet employees at our Pier 9 facility in San Francisco.

These are the public agencies who oversee Blue and Gold's operations. As you can see, we get a lot of help. Everyone from the Port to Fish and Game. We have a good relationship with all these agencies since we abide by the rules and understand that each agency has a job to do and performs a service to the public.

Blue and Gold employs 250 employees during the peak season and 175 employees year round. We have a diverse workforce and are proud of providing an atmosphere where employees are encouraged to reach their potential. We have numerous examples of employees who have started as photographers, ticket sellers or deckhands and have become captains or executives in the company. We believe in promoting from within, and our workforce is a testament to that belief.

The Masters, Mates and Pilots Union represent our captains, engineers, ticketing staff as well as the deckhands who work on excursion and rocket boat services. Many of the captains started working at Blue and Gold in a different capacity but aspired to be captains. Through hard work and extensive training, they achieved their goal, and now they are operating some of the most sophisticated passenger vessels in the world.

Our engineering group are experts on all systems of the vessels we operate. Due to their expertise, we are able to make most repairs without calling in an outside vendor. This is a savings to Blue and Gold as well as to WETA.



The ticketing staff has received extensive training in cash handling as well as customer service. We have a strong and positive relationship with both of our unions.

The Inland Boatman's Union represents the deckhands on all vessels when used in ferry operations. The Vallejo service requires the deckhands to be trained in a high standard due to the complexities and speed of the vessels. These deckhands are certified as high-speed, qualified senior deckhands. Every crew has a senior deckhand who's received extensive training in seamanship, crew management, CPR and first aid.

As with the MMP, we have worked collaboratively with the IBU when there are issues of mutual concern to us.

Best management practices are important to us. We emphasize protecting the environment through quality equipment, maintenance and training. We operate our vessels and facilities in a manner that best protects the environment and our employees and the public. We strive to reduce the generation of hazardous waste through recognized best management practices.

Blue and Gold's Pier 41 Marine Terminal and Pier 9 Maintenance Facilities were the first marine facilities in San Francisco certified Clean and Green by the City and County Department of the Environment. Pier 41 is located in the heart of Fisherman's Wharf and is the terminus for Blue and Gold owned and operated ferry vessels arriving and departing for locations throughout the Bay Area. Ferries from Sausalito, Tiburon and Angel Island dock at Pier 41 as well as ferries from Alameda, Oakland and Vallejo. Passengers can arrive from one destination and seamlessly transfer to a ferry for another.

At Pier 41, four vessels can dock at docks simultaneously, which ensures that vessels arrive and depart on time, safely and efficiently. This is important as many passengers rely on the services for work and other commitments. Vessels are fueled at Pier 41 where there's an underground 10,000 gallon fuel tank. This tank would be critical in an emergency as we were able to store fuel there for three days of continuous operations.

In 2012, Pier 41 is projected to generate \$8.2 million in sales and \$655,000 to the port in rent.

Blue and Gold's excursion and rocket boat services operate from our facility at Pier 39. There are four berths at Pier 39, which in addition to the excursion service, can be used for ferry operations for some of the smaller vessels. \$622,000 will be paid to the port from revenue generated from this facility.

We just signed a five-year lease with the port for Pier 9. This facility is critical to our operation. All of the vessels with the exception of those that operate in Vallejo are maintained and repaired at Pier 9. There is a welding shop, machine shop, line locker, storage for spare parts and equipment needed to make





repairs. There are two docks where boats can be secured while repairs are made or just to lay up when they are not in operation. Blue and Gold is projected to pay the port \$159,000 in rent in 2012 for our Pier 9 facility.

The Downtown Ferry Terminus is owned and operated by the port, but used by Blue and Gold for ferry service. Vallejo and Tiburon services land at Gate B while Alameda and Oakland service use Gate E. Blue and Gold operates ferries from Vallejo and Alameda and Oakland to AT&T Park. This service has been incredibly popular, especially this year with the Giants' success.

In January, Blue and Gold was awarded the Water Emergency Transportation Authority Contract. Under this contract, we operate ferries to Vallejo, Alameda, two different routes, Oakland and South San Francisco. We will work with the WETA to promote future ferry service to not only bring commuters to the terminals at the ferry building, but also midday passengers to Pier 41 at Fisherman's Wharf.

The term of the contract is five years with 5 one-year extensions. This is a huge opportunity for Blue and Gold Fleet, and we have the personnel and the expertise to fulfill all the obligations and responsibilities of the contract.

In total, Blue and Gold is projected to pay \$1.4 million to the port in 2012. This graph illustrates our growth over the last five years, a growth of 20 percent in the commuter ferry market and 8 percent in the excursion market. We are proud of our accomplishments and could not have done it without the hard work and loyalty of our employees.

In the next five years, we feel ferry ridership has the potential for tremendous growth in the Bay Area. With the leadership, direction and support of WETA, the industry will see significant growth in ferry operations investment in the expansions of routes and services.

The company is always on the lookout for new excursion opportunities and for better ways to serve visitors and local passengers. These opportunities will be good for Blue and Gold, their employees and the port.

Captain Ray Shipway with the Masters Mates and Pilot's Union - I represent the captains, the deckhands, engineers, box office. I'm here to represent the members that work at the Blue and Gold, but I'd also like to say normally we come over to the commission and thank you for the welcome, but we normally come over here to ask you for something or to complain about something or do whatever. It's really a pleasure to come over here and express our gratitude that you would recognize Blue and Gold for the wonderful work that it does on the waterfront, the longevity of the Blue and Gold here. From my perspective, I've been in my particular position with the union for the last 15 years. This is the best company that I have on the bay with regard to our union partner relationship with the company. Blue and Gold invests in their people. They have a history of promoting from within. We work with our sister union to ensure that





the promotions come from their union as well. We love the in-house training. This is a very diverse company, and we just enjoy the way it comes together as far as that is concerned. I would like to introduce Laura Smith, a captain from Blue and Gold, to represent the rest of the captains from Blue and Gold.

Linda Hallford - I'm a resident of San Francisco since the 1960s. I went to school here. I've been here as a deckhand since 1976. I started out with Red and White Fleet and now the Blue and Gold Fleet. I'm also a member of the Inland Boatman's Union and part of the whole scheme. Apparently I'm now doing Tiburon, Angel Island, and Sausalito. I see the commuters at Tiburon, which I've grown fond of, and the tourists in Sausalito and the locals that go to Angel Island. With the recent expansion of our ferry service, we have finally recovered from the loss of the Alcatraz ferry. When other companies refused to hire any of our IBU deckhands or MMP, I feel sorry because we do have a great staff here. Blue and Gold Fleet really is a good company to work for.

Winter Ledue - I'm a member of the Inland Boatman's Union. I just recently obtained seniority with Blue and Gold Fleet. Although I have worked with other companies all over the San Francisco Bay, I primarily just stay with Blue and Gold Fleet because they have offered the most training, the most opportunity for work as well as great wages. I plan on staying there and growing within the company. I'm going to hopefully one day obtain my captain's license. They're a wonderful company to work for, and I again plan on staying with them.

Ben Webber - I appreciate you taking the time to listen to us from the Blue and Gold Fleet. I've been a deckhand for five years. I also have worked for all the ferry services on the bay. Without a doubt, Blue and Gold is the finest from the management to the dispatchers to the captains to my fellow deckhands. It's a pleasure and an honor to go to work with them every day.

Marina Secchitano - Thank you for the opportunity to speak. Carolyn Horgan's presentation was excellent. I couldn't have done it better. I can't think of anybody who could have because she came from the ground floor up. She knows every aspect of that company and really was able to present a full picture of what the operation is. For us, it's our life blood. Before it was Blue and Gold it was Red and White Fleet. They've had the same location and have positioned themselves to perform the biggest ferry company short of the Washington State Ferry Service. I think it's an accomplishment to be able to do that. Along the way, we've become great partners. We've had some tough times, and we've been here when we had those times. I wanted to acknowledge Bob McIntosh because when we were going through those tough times, he was there supporting us and keeping Blue and Gold Fleet on the map and working to do whatever was necessary to survive the transition from that loss of Alcatraz. Going forward, I think it's been great that they got the WETA contract. There's no company I think that could do a better job. I'm really proud to be able to stand here and say as union representative that we have a great relationship and that our members are safe and working for this company. They get great benefits and good paying jobs. The reason we all came out today is because there are so many times



where we don't have the opportunity to stand up for our company and assist them as they develop. Last year we saw the number of employees grow on our side almost doubled, and that's a tribute to their commitment, dedication and the good operation that they run. The Pier 41 facility has transformed into a beautiful facility and very vibrant. I'm very happy to be here and say that I can't think of another company that would serve the port as well.

Commissioner Adams - First of all, I'd like to say to Blue and Gold that I'm glad you came out today. To the brothers and sisters of the MMP and IBU, thank you that you all came out to today. This whole thing was beginning because the Port of San Francisco is changing. It is going through a renaissance. The Port of San Francisco under the leadership of Monique has a new swagger to it. If you think about 3 million people, I see in five or six years it could be 6 million people because what's happening with this waterfront, it's never going to be the same. This is really changing. The perplexity, the way San Francisco is going to be viewed worldwide. What's going to happen down here will set San Francisco, this whole Bay Area for the next 30 years, and I couldn't be more excited. I'm looking forward to a ferry from Treasure Island. If this deal with the Warriors comes through, I think so many good things are going to happen. I think more people are going to use ferries and water taxis. This is going to be great for this city. You have my support, and I just want to say this is visionary, what's happening. You've got to dream big. The way San Francisco's going to look, it's going to set the stage for the younger generations, and I'm really excited with the energy and what's going to happen.

Commissioner Katz - I want to reiterate Commissioner Adams' comments and thank everyone for coming out and for the presentation. It is nice to hear from people that are at our port. We always hear, as one speaker pointed out, when things are going wrong so it's nice to hear when things are going well, and also it's a wonderful opportunity to hear from people that are working with our tenants and to hear from our tenants about what they're doing here at the port. Thank you all for presenting today.

Commissioner Brandon - I also want to thank all of you for coming today and sharing this experience with us. I want to thank Commissioner Adams for requesting this informational presentation. I look forward to the next one because we don't get to hear about the wonderful things that are going on along the waterfront much. This has been a banner year for the port. Under the leadership of Director Moyer, Port staff have done a phenomenal job. With America's Cup, the Exploratorium, the Warriors, the Giants, Pier 70, Fisherman's Wharf, you name it, and they have just stepped up to the plate, and they have just done a phenomenal job. Since this is our last meeting of the year, I want to thank our staff for their hard work.

Monique Moyer - On behalf of all the hardworking staff of the port, thank you. It's been a long time, a lot of work coming, and we really have had the all-in support of the commission along the way and our partners all over the city. Thank you for that acknowledgement, but please take some of it back. You deserve it.





## 8. CONSENT

- A. Request authorization to award Construction Contract No. 2759, Pier 23 Electrical Service Upgrade for 34<sup>th</sup> America's Cup Event to Anvil Builders Inc. in an amount not-to-exceed \$428,499 and authorization for a contact contingency fund of 10% of the contract amount (or \$42,850), for a total authorization not to exceed \$471,349. (Resolution No. 12-92)
- B. Request approval of a no cost ten-year license, License No. 15210, with Golden Gate Audubon Society to install and maintain imported soil and native plants within the upland area adjacent to the Pier 94 Wetlands, in the eastern portion of Seawall Lot 352. (Resolution No. 12-93)

ACTION: Commissioner Katz moved approval; Commissioner Adams seconded the motion. All of the Commissioners were in favor. Resolution Nos. 12-92 and 12-93 were adopted.

## 9. REAL ESTATE

- A. Request approval for First Amendment to Lease L-14814 with Andre-Boudin Bakeries Inc., a California Corp., operating an indoor/outdoor casual dining restaurant located at 2890 Taylor Street for a two year extension from December 31, 2017 to December 31, 2019. (Resolution No. 12-94)

Jay Edwards, Senior Property Manager - I'm here to request the approval of the first amendment for an extension of the Andre Boudin lease. They're located at the Octagon Building in the heart of Fisherman's Wharf. They are proposing to extend it in return for significant capital improvements into the property to enhance not only the financial return to the port of roughly \$50,000 per year in additional percentage rent, but also to improve the visitor experience of the wharf, take advantage of the beautiful new West Plaza that we just completed along with the Pier 43 Promenade and to make it more of a highly beneficial public use space. The other additional public benefit is they have committed to maintaining our public bathrooms that are located within this building and that are essential to the positive visitor experience of the wharf.

In December 2010, port staff came to the commission to seek approval for a seven-year lease with Andre Boudin Bakeries to renovate the Octagon Building, which the commission approved. They proceeded ahead and invested over \$350,000 into that facility improving the functionality of it. It was an area that allowed visitors to sit and enjoy in an outdoor/indoor enclosed area out of the element. In addition, it improved the sales to the facility. In the last 12-month reporting period, they were able to generate \$1.8 million in sales of this facility. That translates to \$170,000 of rent to the port, and a portion of it is through their base rent, and then they've generated almost \$97,000 of additional percentage rent by making this investment.



They are now proposing to do the same. They're asking for an additional extension to help recoup that investment. They want to make an additional investment. They've been a good partner of the port and requested a longer-term extension. We felt that to be fair and consistent with what had been approved previously, they asked for a five-year extension. We brought it down to a two-year extension to make it a seven-year term lease.

If this is approved, they would have a new seven-year term to recoup this additional \$350,000 investment they'd like to make. We have cited the Port Retail Leasing Policy in your staff report under the conditions where you can make an exception to the bidding retail leasing opportunities under the following conditions. Boudin is a tenant in good standing. They have consistently reported and remitted their financial obligations in a timely manner. They performed all their duties under the lease. There's been no issue with them in terms of any of the lease obligations and them being a good community partner. Boudin is committed to making a significant investment in its leasehold which will benefit the port. We've seen that happen before, and they're doing the same. A \$350,000 investment is significant. They're taking the side that's probably the least used and putting in a beautiful new dining and beverage service; we think that's significant. It will generate roughly \$350,000 of additional revenue to the port. A \$350,000 investment, a \$350,000 potential return, and no rent credit or rent abatement is being offered or requested.

The benefits of direct negotiation outweigh the competitive bidding. There are significant public benefits to this. We're improving our visitor experience. They're going to commit to keeping the public restrooms open and clean and supervised, which is essential to a positive visitor experience in the wharf.

ACTION: Commissioner Katz moved approval; Commissioner Adams seconded the motion. All of the Commissioners were in favor. Resolution No. 12-94 was adopted.

- B. Request authorization to enter into exclusive negotiations with Bo's BBQ of SF, LLC, the most qualified respondent to the 295 Terry Francois Boulevard Request for Proposals ("RFP") issued on August 14, 2012 for a retail restaurant lease for the development and operation of the restaurant site. (Resolution No. 12-95)

Jeff Bauer, Senior Leasing Manager - I'm here asking your permission to engage in exclusive negotiations with the most qualified respondent to the RFP. The request for proposals for the operation and renovation of the site located at 295 Terry Francois which was issued in August 2012. The port sought qualified restaurant operators who would be able to operate and renovate the restaurant and also provide the highest return to the Port of San Francisco.

In the RFP, we set no minimum monthly rent. Instead, we proposed that the submittals included a proposed monthly rent. We did also annual adjustments. We did require a minimum of 7 percent of all gross sales be included, a





construction period in which no rent is paid may have been proposed. The minimum lease term would not exceed 15 years. However, we were open to respondents proposing option extensions.

The port's objective was to select the most qualified respondent with the ability to finance, design, construct and operate the restaurant on the site. We received four proposals - Bo's Barbecue of SF; ESSF, SF California, Stripes Tavern; and Rocks & Brews, San Francisco.

It was determined by the selection community that Rocks & Brews was non-responsive to the proposal. A summary is in the staff report of the different areas of scoring. We chose to interview three of the respondents. As a result of the scoring and review by the selection committee, port staff is requesting and recommending that you authorize port staff to negotiate with Bo's Barbecue.

Of the respondents, Bo's best meets the port's need for an experienced, financially capable restaurant operator. Bo's has also demonstrated a strong ability to understand the restaurant development process, which is key in working with the port. Bo's was named one of the top five BBQ restaurants in the bay area in 2012 by Zagat's. San Francisco Chronicle named Bo's one of the top 100 restaurants in the Bay Area for four consecutive years. Sunset Magazine named Bo's one of the top 10 best barbecues in the west in 2012.

Their concept is a family-style restaurant, open plan, covered patio, jazz and blues at night, barbecue. By approving this, you're not approving a leasehold for Bo's. You're delegating staff the authority to sit down with Bo's and negotiate for 60 days and hopefully arrive at an equitable lease between the port and Bo's Barbecue.

If the commission authorizes me to negotiate, we would anticipate that could take a month to put a lease together. We'd be back to you with the terms and conditions of that lease for your approval. Following that, we would anticipate going to the Board of Supervisors for approval and a commencement date optimistically in February or March.

Commissioner Adams - First of all, I appreciate the hard work here because clearly you did your due diligence, and I'm pleased with that. There were several respondents to the proposal and Bo's was chosen. I'm pleased, and I can support this because definitely due diligence was done.

Commissioner Brandon - Can you briefly tell us what the other proposals were?

Jeff Bauer - The three respondents were very good. If we had three opportunities, I would love to be able to do three deals with all of them. They were all very high-quality respondents. The teams were very high quality.





The most interesting part of the first respondent, Rocks & Brews, is that Gene Simmons of KISS was one of the partners. However, their proposal was not responsive to the proposal.

Stripes Tavern was proposing about \$6000 a month in minimum rent, 3 percent escalation, 7 percent of gross sales, capital investment of \$750,000 to \$850,000. ESSF proposed \$5000 a month, 3 percent annual escalation, 7 percent of gross sales, a rent credit of \$340,000 and an investment of \$2.1 million dollars.

Bo's offering \$10,000 in minimum rent, double what the other two are offering or almost double, 3 percent escalation, 7 percent of gross sales, a one-time rent credit of \$40,000 only, which was in the RFP, and that was for a credit because there's insufficient electricity at the premises. Other than that, there were no rent credits. Bo's proposal is the highest rent paying per month. They'll pay us about a million dollars over the 15-year term more than the second person.

Commissioner Brandon - Like Commissioner Adams said, you definitely did your due diligence. We're happy to welcome Bo's to the waterfront.

Jeff Bauer - On a final, Bo's stood out as a brand name. The others were restaurants, but Bo's is something a little more special. In every area, the proposal, the scoring, the interview, they came out on top.

Commissioner Katz - My brother lives in Lafayette, so I've already been hearing good things.

ACTION: Commissioner Katz moved approval; Commissioner Adams seconded the motion. All of the Commissioners were in favor. Resolution No. 12-95 was adopted.

## **10. PLANNING & DEVELOPMENT**

### **A. Informational presentation on the Status of the Port of San Francisco's Blue Greenway Projects.**

David Beaupre, Planning and Development - The Blue Greenway is a project to complete the Bay Area Water Trail and Bay Trail within the City and County of San Francisco, generally from Mission Creek on the north to the county line on the south. It's a project that's been led by the port, but includes many city, state and regional agencies.

Currently we have seven projects that are in the active planning and design and two projects that have been recently completed. This map illustrates the alignment of the Blue Greenway.

The Blue Greenway Planning and Design Guidelines was a community planning process to identify the programming and uses and how to provide continuity and connectivity between the open spaces along the waterfront. We initiated this in



2010, released a draft in June of 2011 and were aiming to complete this in January 2013.

One of the reasons that we haven't been able to complete it yet is we wanted to get a number of the projects that were prioritized into implementation. Now we'll have the opportunity to circle back and finish the planning and design guidelines.

Along the Blue Greenway and identified within the planning and design guidelines was the need to establish a unique but unified signage system along the entire Blue Greenway. The concepts on the left illustrate what was developed in the planning and design guidelines.

Currently the team of Creegan and D'Angelo along with F.E. Jordan, a joint venture with K. Keating and Associates is doing the detail design work for the Blue Greenway sign which will be installed in nine locations between Mission Creek and Heron's Head Park. We hope to have the design work completed in the next month, have it go out to bid in the spring and in construction and completed ideally in time for America's Cup.

Moving into specific projects, this is the Bayfront Park Shoreline Restoration Project. The top two pictures are what it looked like before. The bottom two pictures are what it looked like just as we were finishing up. If you go out there now, you'll see a paved path and benches and some other site furnishings. As soon as we took the fence down and opened up 1300 linear feet of shoreline, it's been receiving a lot of use, and people are enjoying it today.

Crane Cove Park is approximately an eight-acre park within the Pier 70 area. This past Saturday we had a third in a series of community workshops. There were approximately 70 attendees. You may recall that in June and July, AECOM and their team presented two alternative concepts. We reviewed them with the commission, reviewed them with the community and a variety of stakeholders. AECOM came together and developed a hybrid version of what we're calling a draft plan for the entire approximately eight-acre park.

The next few slides will illustrate those various five zones which include a (1) multipurpose green; (2) rehabilitation of the Historic Slipway as a park and plaza space; (3) Building 109 Four Court Area; (4) the Maritime Gardens and (5) the Shoreline Area. Crane Cove Park is generally bound by Mariposa Street on the north and 19<sup>th</sup> Street on the southeast of Illinois Street. The orange areas are future infill development parcels as identified through the Pier 70 Preferred Master Plan.

This is an illustration looking at 19<sup>th</sup> Street at the entrance to the park with the large green area on the left, the Historic Slipway and cranes. There's a little key on the bottom right that shows where in the park that view is from.

This shows how Slipway 4 could be adaptively reused as a plaza and park area, hardscape primarily, rehabilitation of the cranes and integration and access into the park from Illinois Street.





This shows Area 3, the Building 109 Four Court, north of BAE's leasehold. The Slipway 4 is to the west, and we're looking to the north generally, and so adaptive reuse of 109 and 110 and creating a plaza space that also recognizes the history of the site and its former use in shipbuilding and repair.

This illustrates what we call the Maritime Fields, which is taking former Slipways 1 and 2, allowing some of the industrial ship repair vernacular to be introduced for interpretation. Generally the concept behind the park planning is as you move from west to east, it goes from more typical park to more of an industrial remembering the remnants of the ship repair and allowing for interpretation and contemplation.

Lastly, this is one of the concepts for how to design a variety of access points for water access, for human-powered boating. This would be a new urban beach along the northern shoreline and access to the water from Slipway 4 as well.

With that in mind, one of the things we had to present as part of the workshop is recognizing that we don't have the budget to complete the entire project as it's designed today. We had to look at what were the available fundings and what other preliminary cost estimates for the project today.

With the 2008 and 2012 bonds plus some additional other port funds, our total budget is approximately \$21 million for Crane Cove Park today. The estimated project cost looking at construction costs plus an estimation contingency of 50 percent puts us at a subtotal of \$33 million dollars. Our soft costs are usually between 30 and 35 percent, so we averaged it at 32 for a total project cost of around \$43.5 million. This equates to about \$4.8 million dollars an acre, which is similar to what is spent on a lot of waterfront parks or park projects within the city.

The other thing to note is because of the high level and conceptual nature of the park, you can see we do have a 50 percent estimation contingency. As we get into further design development and schematic designs, that contingency can come down, and hopefully those costs can come down. Recognizing that's the best information we have today, we began to look at what we might be able to phase as an initial element of the park.

What we think we can deliver as a first phase based on the cost today is what's outlined in yellow, so it's a multipurpose green right along Illinois Street. There's a Slipway 4 area, the shoreline area east of Slipway 4, and then 19<sup>th</sup> Street to access the park.

If costs begin to come down as a part of getting into more detail and assessment, we think we have alternates A, B and C generally in that order. The additional parts of the park could come online. The area in orange, which is the 109 Four Court would be a second phase. Building 49 and the areas to the north



would be phased with that future development or redevelopment of those facilities.

In general, the workshop went well. 70 people attended it. We held it at the Noonan Building. People were generally happy with the concept. We did get comments regarding the desire to maybe do more investigation on the Maritime Fields. There were concerns raised about the future development parcels and their proximity to the park, but again, needed to share with the participants at the workshop that the development was a part of the overall Pier 70 strategy.

Next up on the way of projects is the public art along the Blue Greenway. In March 2012, working with the Arts Commission, we released a request for concepts for art on the Pier 92 grain silos. 135 applicants submitted ideas. The Arts Commission narrowed it down to 23. We had a jury panel narrow it further down to select four artists. This past Friday, the Arts Commission received their proposals for each of the projects, so this is hot off the press. You're the first to ever see it. The first idea, which is by the Ball Nagues Studio, is for an interactive giant Etch-a-Sketch basically where members of the public could sketch something up, and every couple of weeks the silos could get repainted with that image. I don't know exactly how it works. It's a pretty interesting idea and a way to engage the community and help potentially activate the Bayview Gateway Project as well.

The second project is called Transfiguration. This is by Laura Haddad. She has taken imagery and history into a different context recognizing the history of the area and the site and recognizing it graphically. There's historical, cultural landscape and environmental recognition of birds. The Butchertown, the Islais Cherry, Heron's Head Park and the community and highlighted it in a composite mural that during the day would look like what it is on the left, and at night it would be lit with red, blue and green to highlight those various aspects of it. A very interesting interpretation on how we could enhance the grain silos.

Thirdly, we have what's called "Electroland." Cameron McNall who proposes to use LED lighting to apply light to the silos that would not only interpret the way that the silos originally worked and functioned, but also create an interactive game that people could use on their mobile devices like iPhones or iPods or Blackberries to manipulate the colors and also provide an audio commentary about the history of the site and the community as a part of it.

Lastly, Rigo has a number of other works within San Francisco where he would paint the word "peace" within a city sign that speaks to the power of peace and heals wounds between nations, cities, communities, families and individuals. That too would be lit in the evening.

The next steps for this are in early January 2013, each of these will be at the Bayview Opera House on display to receive public comment. In addition, we'll have them online on the port's Web site and at the Arts Commission Web site to receive public comment. Later in January the panel will reconvene and select





one artist to move forward with. Depending on which one is selected, it could take between 6 and 12 months to build and construct the project. Hopefully sometime in 2013 this will be up and operable.

Tulare Park is a small park between Illinois Street and 3<sup>rd</sup> Street on Islais Creek on the northern shore. This project is at 30 percent design with DPW. We're hoping to complete the design in January, put it out to bid in the spring and construct it. Last week the State Coastal Conservancy's Board granted an award to the port for approximately \$600,000 to reconstruct the Copra Crane and remove some dilapidated piles within Islais Creek. I'll be coming back requesting authorization to receive and expend those grant funds.

The Bayview Gateway located just across the creek from Tulare Park where, again, this project is in DPW's hands. We're at 30 percent design detail for the park. We're also working with the Arts Commission on a major art piece at the intersection of Third and Cargo Way to activate and create a gateway to the community in the hopes of working with engineering that this will go out to bid also with Tulare Park potentially as a single package in the spring of next year with construction beginning shortly thereafter.

Last but not least, just a picture of the grand opening of Heron's Head Park and the Cargo Way bike lanes, both of which we've received a lot of great compliments on, and people are out there using them today.

Corinne Woods - I wanted to thank David Beaupre for all his hard work on the Blue Greenway Project. If you haven't been down to Heron's Head Park since the new entrance went in, please go. It's absolutely beautiful. The Bayfront Shoreline has opened up that part of Terry Francois Boulevard for people to use. All of these projects really connect people with the waterfront. They're very important. Without the port and David's leadership, they wouldn't have happened. I know that you all worked hard to get the 2012 bond. I'm hoping that you can find some other money to do the Northeast Wharf Plazas so we don't have to spend our bond money on that and can move it back down to the southern waterfront to help finish up Crane Cove Park and the other projects that have been so long in planning. Thank you, David, for all your hard work.

Commissioner Adams - I just wanted to tell you, very excellent report, very thorough, very thoughtful. I was just going through all of the projects and everything that you're working on and I'm totally impressed. This is very good work. Thank you.

Commissioner Brandon - Ditto, very good work, indeed. I'm really excited about the silos in that project, and those are great proposals. It will be exciting to see who wins. I can't tell you who I vote for yet. Those are great concepts. For Tulare Park and Islais Creek, is there a budget for those projects?

David Beaupre - Yes, this is off the top of my head so don't quote me, but for Tulare Park, our budget is about, \$675,000 from the 2008 bond. We received a





grant for \$275,000 from the California Resource Agency. For the Bayview Gateway Project, the budget is approximately \$3.6 million. For the Copra Crane and the pile removal, that's about \$660,000.

Commissioner Brandon - For Islais Creek, is that for both sides of Third Street?

David Beaupre - Currently, it's just for Tulare Park. From the 2012 bond, for the north side between Illinois and Tennessee Street across from Islais Landing, we had \$1.5 million proposed for that improvement.

Commissioner Brandon - Are most of those projects in the design phase?

David Beaupre - None of the projects from the 2012 are in the design phase now. We've done some conceptual thinking as a part of the planning and design work, but both Bayview Gateway and Tulare Park are in DPW's Bureau of Landscape Architect's hands in the detail design phase and will go out to bid in the spring.

Commissioner Brandon - When will we have a concept of what's going to be there?

David Beaupre - We have it today. For the Bayview Gateway and Tulare Park we have the concepts. This is the concept for the Bayview Gateway. Its location is between Third Street and Illinois Street, Islais Creek and Cargo Way. The concept includes removing a dilapidated wharf along the shoreline's edge and taking what's currently today just an entirely paved area and creating some landscape areas, which are identified in green with the trees creating a pathway that takes pedestrians and bicycles from Illinois Street southbound and connects them better with Third and Cargo Way, which is a natural direction that people would want to go, create a plaza along the waterfront with interpretation throughout the site regarding the site's history, natural and cultural and cargo history integrated through the plaza along the waterfront and that railing and also creating a plaza on Illinois Street we call the Blue Greenway Transition Plaza because it will be a place for people that are traveling down Illinois Street, probably head toward Cargo Way in the bike lanes, a place for them to pause and also enjoy the public art on the Pier 92 grain silos.

There's a rail track that goes through the middle of the site that kind of is running east/west. We're consolidating or pinching down where people can cross the rail tracks. At the corner of Third and Cargo, we've identified that as a place for a significant piece of public art working with the San Francisco Arts Commission through the Art Enrichment Process and then selecting plant material that is native, coastal, California plant material.

One of the things we heard from both our maritime community and surrounding community and developing the design for this was that they wanted to make certain that we balanced it in being a park that people can enjoy, but not a place that necessarily attracts a whole lot of typical recreation because of the freight



rail running through it and the significant amount of truck traffic that goes to the port's operations.

We felt that we've come up with a design that balances that and helps create a natural pedestrian and bicycle movement, provides a safe crossing for the rail tracks. We worked with the Fire Department to reconfigure their lease hold so we could get maximized access to the public. There's a pier and wharf area that's fenced off and not very attractive that we're talking about removing and opening up the water to.

Commissioner Brandon – What about the clear space by the firehouse?

David Beaupre - That is part of the reconfiguration of the firehouse lease. Currently the firehouse lease extends about halfway between Illinois Street and the firehouse. What we're doing is we're pulling that area and relocating it to the south along the freight rail track and then creating a new fence so that they have their parking and storage area there.

Commissioner Brandon - So it will be on the other side?

David Beaupre - Right, so it won't be as visible to the general public. One of the other things that we're looking at doing, and this is going to be dependent on the budget, is on the west side of Third Street at Arthur and Third or continuation of Cargo is expanding that landscape area and beautifying that and potentially having companion art pieces so that as you're entering the Bayview, you can enjoy the art on both sides of the street.

The other project is the improvements to Tulare Park, which is a compromised park because the utility's running underneath it primarily and because of the shoreline condition. The PUC has a 60-inch force main that runs under this, very delicate. You may remember in the early planning stages of the Illinois Street Bridge when MUNI was doing duct banks under Islais Creek, and they undermined the force main and it exploded and washed out our shoreline and Illinois Street when it was under construction. We had to basically bridge over it with that 60-inch force main running through the site as well as a private property in the existing shoreline on the eastern portion of the park where you see that gray, kind of L-shape. The site narrows down to about 4 feet. Working with our engineering staff, we've developed a creative solution where we are going to bridge a walkway over the force main, create a belvedere out into the water so people can potentially fish or pause and enjoy the waterfront and then bridge back over the land, over the force main again and make this park ADA accessible. There's a lot of heavy growth in the park that makes it kind of a harbor for the homeless and makes it uncomfortable for people to visit, so we're going to clear much of that landscaping away and, again, use natural native San Francisco coastal plants to plant and create a place that is more inviting to use, more attractive and then also put interpretation about the site and possibly art as well.





Commissioner Brandon - I love that art. I couldn't understand the difference between Initial Phase Alternate A and Phase 2. I couldn't differentiate.

David Beaupre - In the cost estimate, the total cost for all the construction of the project is \$22 million but they're dealing with drawings that are very conceptual. They're not a whole lot different than this. It's general takeoffs. When cost estimators look at a project in this level of detail, they put a 50 percent contingency on those costs right off the bat. If you take that \$22 million and add \$11 million, that puts us at \$33 million. On top of that, we're adding another 32 percent for all of our soft costs, the detail design work, the project management, the construction management, the resident engineers, all the permits necessary for it. That puts us at \$43 million. We don't need \$11 million of contingency, but rather than promising too much to the community, I want to be very conservative and say this is what we're fairly certain we can deliver.

If, as we've progressed in our design, we can bring the cost down, then we thought we would begin by adding the triangular area called the Building 109 Four Court Area. Then our next priority would be building 109, which is going to be a park pavilion and parking area. That's a part of the building that comes back.

Commissioner Katz - You referred to it as 109; it's 110.

David Beaupre - Yes, 110 is in the middle of that triangular area; 109 is the building to the south where you see a little parking lot.

Commissioner Brandon - 109 is red, and 110 is orange.

David Beaupre - Correct; 110 is the building in the middle of that orange triangular area. We felt the best phasing for as more money becomes available or as a contingency number comes down, we would add the orange triangle area to the east of Slipway 4. The next approach would be to deliver Building 109, which may provide a park shelter and off-street parking area. If it comes down even further, we would add the green area, the Maritime Fields.

Commissioner Brandon - Where is Phase 2?

David Beaupre - Phase 2 is in the orange, but that diagram may need updating. As a part of the initial phase, we can deliver one of the two cranes in Slipway 4. We don't have the funds to do both. The light blue, which is on a crane that we're relocating at the east end of Building 49. That would be the third alternate. Phase 2 is the triangle around Building 110.

Commissioner Brandon - What's Alternative A?

Monique Moyer - Aren't they the same in Phase 2 if you can't fund Alternative A, then it becomes a Phase 2?



David Beaupre - Yes. I may need to revise that slightly, but that's the direction we're heading. We seem to get support, and maybe they were as confused as you were at the community meeting.

Commissioner Brandon - Hopefully we can get as much done as we can with what we have and hope for future funding. Thank you so much, this was a great presentation, and we're really happy about all the open space projects that we're working on and our wonderful park bonds.

Commissioner Katz - Do we have any estimate of the costs? You showed some of the signage that I guess would be along the pathway?

David Beaupre - Yes. The cost we have for that is about \$1.1 million.

Commissioner Katz - For the signage and is that for all the signage from Mission Bay?

David Beaupre - Yes, from Mission Creek to Heron's Head Park. We're designing it in a manner that Rec and Park and DPW or MTA could take our design and use it for portions that are off of our jurisdiction.

Commissioner Katz - Will there be anything other than signage along there?

David Beaupre - We're trying to develop a consistent design palate. In the Blue Greenway Planning and Design Guidelines, we've come up with some concrete furnishings that are kind of framed after what we call bode blocks that we used at Heron's Head Park with all the seatings on it. We've used them for retaining walls and also try to have some consistency in the park signage where the name of the park is recessed in a concrete wall. There are those elements and site furnishings, so benches and drinking fountains and stuff like that can provide some consistency.

Commissioner Katz - Is there anything along the pathways?

David Beaupre - Not at this point in time because much of the pathway runs along existing streets. At this point in time, we're not looking at that, although for pathway materials like we just installed at Heron's Head Park, we have found this new product that we think we'll be using in other parks as well.

Commissioner Katz - To Corinne's point earlier, about Crane Cove Park, I went there recently with some friends. It was absolutely gorgeous. Last week I got a text from one of the friends and inquired about the name of that park I took them to. I have out-of-town visitors who want to go down there. Actually, I mean Heron's Head Park. It's already having the desired effect and it's becoming a destination.



## 11. FINANCE & ADMINISTRATION

### A. Informational presentation on the proposed City policy for an Infrastructure Financing District on Port property.

Brad Benson, Special Projects Manager - Elaine Forbes, the CFO, and I are going to make this presentation. Her presentation is related to a proposed city policy for a port infrastructure financing district. We've been legislating and working for some time around using this tool, which is a way of funding public improvements on port property. I wanted to come to the microphone first because in 2005 when Monique invited me down to the port, we were struggling with the port's overall capital needs. We were engaged in a conversation with Michael Cohen, who was then working at the Office of Economic and Workforce Development at financing tools that could help us revitalize the waterfront.

Michael Cohen mentioned that he was in conversation with David Madway about different options, whether redevelopment would be an appropriate tool along the waterfront or if there was another option. David Madway, who is in the audience today, is the former general counsel of the San Francisco Redevelopment Agency and now works at Shepherd Mullin, pointed out an obscure area of code in the California code called infrastructure financing district. It was David's idea that we've been plowing over the last eight years. I want to thank Mr. Madway for that brilliant stroke.

David Madway - There was a time when Brad also carried much of the credit because they're the ones who made sense out of this.

Elaine Forbes - As Brad mentioned, this policy is on the heels of a lot of work putting the law in place and getting the mechanism to secure infrastructure financing district proceeds, and a lot of credit does go to Brad Benson and Joanne Sakai and many port staff, my predecessor, Tina Olson, our executive director, Monique Moyer, that's gotten us to this point.

Right now we're looking to establish a policy with the Board of Supervisors that they endorse that gives a framework for the use of infrastructure finance district proceeds before they're looking at any particular project. We have presented a proposed policy to the Capital Planning Committee on November 19, 2012 and we'll go back for action this month. We're looking to bring the city policy to the Board of Supervisors in early 2013. As Brad mentioned, I'll go over the policy and then Brad will go through three major projects that we are proposing the use of IFD for.

As the Port Commission is well aware, in 1969 we got our 54 piers, 16 have been demolished. Nine reactivated, and we have 29 piers left. As you're also very aware, we have an extraordinarily large, deferred maintenance problem in the magnitude of \$2.2 billion. What the port earns as an enterprise is not enough to maintain our assets and is not enough to deal with our deferred problems. One of the major strategies that the port has really initiated in this last decade is





to find other sources so that we can be successful leveraging development opportunities with our private partners and maintain these important assets for the future.

This chart shows the growth of all these other sources that are helping us to solve our problems and beautify the waterfront and the GO bonds which we just spoke of have been a major source for park improvements. Federal and other grants have helped us leverage opportunities. IFD is a major proposal to help us build critical infrastructure for areas that we otherwise could not afford. Exhibit A in your packet provides more details.

There is a lot of legislation underpinning this effort. AB815 is the seawall lot legislation that allowed us to take the value from the seawalls for the piers. AB1199 is the Pier 70 state share which allows us to utilize not only the city's share of IFD, but the state share for Pier 70. AB418 is the Pier 70 trust swap legislation, and Seawall Lot 330 and two recent pieces for the America's Cup, AB664 and AB2259. Both Joanne and Brad would be much better equipped to answer specifics on these legislations.

Infrastructure financing district proceeds are basically tax increment. There's a baseline established, and growth above that baseline of possessory interest tax or property tax go into the IFD district. It's very similar to a redevelopment tax increment financing. It's the growth and tax that the projects cause that would otherwise go to the taxing entities, primarily the city's general fund. With IFD, we hold those proceeds to repay the investment and the infrastructure.

There's been a long tradition both in the charter and in the Burton Act that the port is a self-supporting enterprise. Obviously we pay for services that we purchase from the city, and we want to maintain the balance so that the city is not subsidizing the harbor fund for our activities and for the general services we require from the city and the harbor fund is not paying unduly for city services.

We've undertaken a nexus analysis both in 2004 and 2008 that looked at that balance of payments. The nexus methodology assumes that ports with long-term leases where the tenants pay tax, they pay ample tax to be provided city services like any other taxpayer. The nexus analysis looks at those unleased lands and other infrastructure on port property and compares the cost of those services to our work order budget. It showed both in 2004 and 2008 that we are in balance.

Since our proposal is taking leased lands and capturing property tax that would otherwise have accrued to the city for those city services, we're looking to find a new methodology to make sure that the city's general fund is whole throughout the life of the project. We are looking to make sure that the city is always net positive from the development project and that we can ensure that over time through a type of nexus analysis.



We are proposing to form an IFD along the entire port property. Within the IFD, the port would establish project areas encompassing each project site. Consistent with IFD law, the IFD proceeds would be used for these uses that listed piers, installation of piles, parks, utilities, streets and sidewalks, seismic upgrade, seawall sea level rise, environmental remediation, historic rehabilitation and port maritime.

We are proposing this criteria for the city as it looks to see that requests for use of the IFD is a good purpose as minimum criteria. First, the proposed IFD would be on port land. If there is a case of annexing non-port land, it would be looked at on a case-by-case analysis. The 8 Washington project or Seawall Lot 351 is a good example of this type of situation where there's a city parcel annexing into an IFD district.

CEQA would be done prior to adopting an infrastructure financing plan. For the benefit of the public, it's a two-step process. It starts with intent to form the district. Then you come back with the infrastructure financing plan where you actually specify the improvements from that district.

Priority improvements, waterfront districts consistent with IFD, and the investment would be consistent with the law obviously, the waterfront plan and our own capital plan. We would always produce analysis for the policymakers that showed the total tax revenues to the general fund and the number of jobs and other economic development benefits. That way the city can review the position of the general fund in making this contribution.

Where there is state and city matching, where we can secure the state share for Pier 70, we would make it a priority.

The amount of increment allocated would be \$0.65. That's the general fund share of the property tax and up to \$0.90 in Pier 70. Excess increment is the amount of proceeds from the district not needed to repay the debt service for the necessary infrastructure. Usually that would be outside the bonding period of 30 years. From year 30 to year 45, it would be up to policymakers to decide where to allocate those proceeds, either back to the city's general fund or to improvements to our seawall.

If the port issues revenue bonds, we would request debt service coverage. At this point, we're not proposing the port issue debt for the three projects Brad will describe in just a moment. We will, as part of the IFD, identify a funding source for maintenance. This is an ongoing concern for the city as the pure cost of ownership is not always described upfront, so this is an important point for the city.

In terms of the port IFD formation, the city has, through resolution, done the infrastructure financing district. City staff is developing the plans for each project area which will be separate appendixes. We are asking that the DPW and SFPUC review all the horizontal improvement proposals and open those up to third-party estimates who are very sure that these are good investments and





have good pricing prior to city action. We want the Capital Planning Committee to do this review and make recommendations to the full board for each IFD appendix.

In terms of the strategic criteria that this policy includes, there are three. Use IFDs where other port monies are insufficient, and this is obviously an easy one to prove in most instances for the scale of these projects. Use IFD strategically to leverage non-city resources and of course continue best practices of citizen participation.

This graphic shows the amount of investment post the adoption of the Waterfront Land Use Plan. There is \$716 million of new value since 2000; that's for the Exploratorium, Piers 1½, 3, 5, the Ferry Building, AT&T Park, Pier 1 and Rincon Park Restaurants. If we add the Cruise Terminal Project for \$110 million, we're at \$827 million of investments since the adoption of the Waterfront Plan.

The projects Brad will be talking about are a much larger scale at \$4 billion of private investment in these three proposed projects. As you look at the projects there's about \$410 million of planned IFD proceeds for infrastructure costs in those projects.

This policy is going to attract a much larger amount of private investment than we've seen since the adoption of the Waterfront Land Use Plan to pay for critical city-owned, port-owned infrastructure.

Brad Benson - We do think that this is potentially a game changer for the port. I did want to make one minor correction. We haven't calculated yet the amount of IFD that might be captured at Pier 70, and it could be actually the location where we capture the most tax increment. It could be that collectively these three projects could reach a billion dollars of public investment through the IFD tool. Out of that \$4 billion, so that would be \$3 billion in private investment plus up to a billion dollars in public investment.

Each of the projects is under continuing negotiation. The port is working with the Office of Economic and Workforce Development in these negotiations. In addition to CEQA clearance and a separate approval on each IFP or Infrastructure Finance Plan appendix, the term sheets for these projects are all expected to be considered by the Port Commission in early to mid-2013 and then be off to the Board of Supervisors for term sheet consideration and possible endorsement. Each of the projects would be subject to their own set of transaction documents. These are proposals only, for the public's benefit.

Seawall Lot 337 and Pier 48 - the port is in an exclusive negotiating agreement with Seawall Lot 337 Associates affiliated with the San Francisco Giants. This slide shows that the area that we're conceiving of, the current Lot A in Mission Bay, was previously bay. From the period between 1905 and 1926, it started to be filled for rail use. That was one of the uses that drove a lot of the filling along the San Francisco Waterfront. There was state legislation authorizing that fill.



This is the site today. It stands out as one of the areas that needs attention in Mission Bay. As David Beaupre mentioned, port staff is contemplating development of this type, we're thinking about how to develop park spaces. The eastern side of the city was predominantly industrial, and the neighborhoods facing that side of the bay were cut off from bay access. This is one of the amenities that we strive to provide.

This development is contemplating 3.5 million square feet of mixed-use development, up to 1000 units of residential and up to 1.7 million square feet of commercial office space with ground-floor retail and approximately 2800 to 3000 parking spaces with over eight acres of parks and open space and a restored Pier 48.

The Waterfront Land Use Plan is proposed to be flexible. This is going to be a phase development that will happen as early as 2016, 2017 in its initial phases but then be built out over a period of time. It's hard to tell now what the right mix of office versus residential is. The zoning is proposed to be flexible to respond to differing market conditions.

This China Basin Park proposal is one of the reasons why the Seawall Lot 337 LLC proposal is receiving such positive attention because of the attention that they've given to design of this waterfront open space. It would be five acres. The costs are high. We're looking at entirely new utility infrastructure, new streets, sidewalks, park locations and improvements to Pier 48 currently estimated at over \$200 million dollars in 2012 dollars. This infrastructure is needed to unlock the value of this site for the port and for development.

This would be an entirely new city neighborhood with very significant economic development benefits for the city as a whole. 5000 construction jobs and over 7000 permanent jobs on the site and 10,000 jobs regionally with up to 2000 new residents.

Elaine mentioned the sort of fiscal analysis that we would do. This is something that we would do through fiscal feasibility report to the Board of Supervisors prior to environmental review and the draft fiscal feasibility for this project indicates a \$9 million tax benefit to the city after the cost of city services, and this is after netting out the property tax increment that we would capture through the IFD, so this is coming from gross receipts tax, sales tax and other taxes that would continue to flow to the general fund.

Elaine mentioned the idea of excess tax increment. After the project needs are paid, there would be up to \$1.6 billion in excess tax increments generated from the site.

Pier 70 is a bit more complicated in that it's divided into a number of districts. The port did a master planning effort starting in 2007. The Port Commission chose to rent out portions of the site in a segmented manner. The waterfront site





is the major site, a 25-acre site under contract for city development. Orton Development is managing the rehabilitation of the historic buildings along 20<sup>th</sup> Street. We have our ship repair under lease to BAE Systems, and David Beaupre talked about Crane Cove Park.

Forest City is currently in the process of doing due diligence for the site, and there are concerns that this site with sea level rise, particularly in the fill areas of the site and Forest City's teams will be consulting with Ed Byrne, Chief Harbor Engineer and others about raising the grade of this site so that it's not subject to inundation in the future.

Very interesting engineering constraints at Pier 70 - There are slipways that were built by the federal government to facilitate ship repair, and it's a little bit difficult to build buildings on top of those slipways. Part of the site is on bedrock. There's a blue line that you see on this, and it sort of demarks the original shoreline. Everything bayward from that line requires pile supports. There's a risk of lateral spread in a major earthquake, so there may be a need to reinforce the shoreline so it doesn't slough off into the bay in an earthquake. There's existing utility infrastructure, but it's abandoned and not useful at Pier 70. There are the known water lines that are out at the site.

Forest City proposes to install entirely new water infrastructure at the site. The same goes for wastewater facilities, storm water facilities, electrical infrastructure, all of it needs to be replaced to support new development at the site. They're looking at \$156 million of total infrastructure cost and potentially an additional \$90 million for historic rehabilitation costs at the site.

Finally, the Warriors project at Piers 30/32 and Seawall Lot 330 has been getting a lot of attention in the public eye. The site is currently a 13-acre pier with a two-acre seawall lot across the street. The pier is nearing the end of its useful life. We think it's about 10 years before the chief harbor engineer would post some load restrictions on the site limiting use. If we were just to contemplate removing this, it would cost \$45 million dollars.

The Warriors have hired a team of AECOM and Snohetta that have begun to produce conceptual designs for the site. They're looking at a multipurpose venue for basketball games, public concerts, and convention use with 60 percent of the site dedicated to open space and a combination of retail uses and practice courts and parking covering the rest of the site. This is a concept of what it would look like. This has been published in the paper.

The major terms of this are that the Warriors would privately finance these improvements, and they would look at up to \$120 million investment in the pier with a 13 percent return on the cost of capital. The city would repay that private investment in a publicly-owned pier through rent credits at Piers 30/32, the sales price of Seawall Lot 330 and tax increment from an IFD. Those would be the sole sources of repayment. This project is almost a billion dollars on its own and generates more than 2500 construction jobs and 1700 projected permanent jobs





with great fiscal benefits to the city of potentially \$19.4 million dollars in total tax receipts.

As Elaine mentioned, we're scheduled to go back to the Capital Planning Committee to seek a vote on this policy later in December. The plan, if the commission has no other changes that we should contemplate incorporating in the policy, would be to bring the policy to the Board of Supervisors for a vote by the board. At the staff level it's very important for the Capital Planning Committee and the Board of Supervisors to establish this policy before individual projects propose the use of IFD.

Commissioner Katz - Thank you for all the work that's gone into this and for explaining what I think is a very difficult concept for many so well. It does create a path for us too, especially given what's happened in terms of other potential funding options for some of these projects. Thank you, and I look forward to seeing it as it shapes up.

Commissioner Adams - I'd like to concur with Leslie and Kim. This is a very excellent report, very thorough. The more you come up here, I just get to understand it more and more because it's very simple, and though it's a little complex, I understand it. I appreciate you making it simple so we can really grasp it.

## 12. ENGINEERING

- A. Request authorization to execute an amendment to the Architectural and Engineering contract with the joint venture of Kaplan, McLaughlin, Diaz Architects and Pfau Long Architecture in association with Bermello Ajamil and Partners to increase the amount of the contract from \$9,950,000 to an amount not-to-exceed \$11,491,708, which consists of an increase of \$1,541,708, for Phase 2 Project construction administration services and other services for Pier 27 James R. Herman Cruise Terminal and Northeast Wharf Plaza Project, located on The Embarcadero at Lombard Street ("Project"), and to extend the term to December 31, 2014. (Resolution No. 12-96)

Request authorization to execute an amendment to the Construction Manager/General Contractor contract with Turner Construction Company to increase the contract amount from \$64,719,777 to an amount not-to-exceed \$100,880,163, and to further increase the contract amount by \$3,616,039 (10%) through contract modification or change order, if needed for unanticipated contingencies, for a total authorization of \$104,496,202, to fund the Phase 2 Project construction, and to extend the term to December 31, 2014. (Resolution No. 12-97)

Request authorization to execute an amendment to the Memorandum of Understanding (MOU) with the San Francisco Department of Public Works (DPW) to increase the MOU funding from the existing not-to-exceed amount of \$7,778,267 to an amount not-to-exceed \$9,714,495, which consists of an



increase of \$1,936,228 for Phase 2 for Project Management services, and to extend the term to December 31, 2014 (Resolution No. 12-98)

Kim von Blohn, Port Project Director - I'll summarize the Phase 1 construction progress, the Phase 2 work scope and the request for additional funding to accomplish this work. After that, I'll introduce Elaine Forbes who will present the budget and the funding for Phase 2.

Field work for the cruise terminal got underway in February this year with the removal of the shore-power system followed by demolition of the Pier 27 shed. Erection of 350 tons of structural steel, which was made in the United States and fabricated in Fresno, commenced in early June and was topped off in July.

Since that time, the building envelope has been nearly completed with the exception of the lobby enclosure. Permanent power has been energized, water utilities have been hooked up and the shore power system relocated.

One of the secondary uses of this facility is for special events, and therefore, the design takes into consideration great views from the site. This is a picture of the site from the Embarcadero looking north. You see at the top right the windows of the second story, and to the left is the area that will become the lobby.

This is a shot of the lobby entrance. You see on the left of that is a stairway. Parallel to that is an escalator, and behind that will be an elevator which when you walk into the lobby will take you into the second floor where passengers will process through ticketing and customs.

This is another example of the great views from the second floor. On the top, this is the apron side of the building, all glass with views out towards the Bay Bridge. Below that are the entrances for the baggage hall and in there will be glass rollup doors similar to what you see in a lot of fire stations.

This is a view from the second floor looking towards the Embarcadero. It's typical of the views from the second floor making it a great event space. Here's another view looking east towards the Bay Bridge, and finally another view north towards Telegraph Hill.

This is one of the last things we'll create on Phase 1 of the project which is the Port of San Francisco sign you can see on the top right. It won't be as large as the one on the Ferry Building, but it will still be prominent on our facility.

This will be the view from Telegraph Hill of the building complete in Phase 1 and ready for turnover to the America's Cup. Phase 1 construction of the core and shell of the building is currently about 80 percent complete and is on schedule to hand over to the America's Cup Authority on March 1, 2013. Phase 2 construction drawings are about 95 percent complete and will be submitted for permanent approval shortly.





Upon conclusion of the 34<sup>th</sup> America's Cup event on November 1, 2013, the port will start Phase 2 construction of the project. The Phase 2 construction is scheduled for about nine months with substantial completion on August 1, 2014 and final completion about two months later.

This work will include finishing the remaining portions of the Cruise Terminal Building including the U.S. Customs and Border Protection Facilities, the 2.7 acre Northeast Wharf Plaza. This plaza was the result of quite a lot of work with BCDC to provide major public access to the site and will be accessible during cruise and non-cruise days.

Other work include the North Point, the grounds transportation area between the cruise terminal and Pier 29, the apron between the ship and the terminal, installation of marine equipment such as a mobile gangway system, fenders, bollards and provision of miscellaneous furniture and equipment.

In order to bring our budget into the range that we can afford, we will defer the public restrooms and the terminal provisioning building, which is in the northeast part of the facility. When the money becomes available, these will be added to the project.

The ADA accessible gangway transitions between the ship and the cruise terminal for passenger loading. These are unique. They're only made by two companies in the world. They're like a gangway at an airport. They must maintain no more than a 1 in 12 slope for ships which vary all over the place in terms of where their hatches are, the height of the hatches, the longitudinal location of the hatches as well as rising tides, rolling ships. They're fairly sophisticated machines to compensate for all these motions and distances.

This is a shot from Telegraph Hill of the facility when it's finished. You see the Northeast Wharf Plaza in the foreground. The apron on the right has gates that can be opened and closed. They have to be closed during cruise days for security purposes, but all the other days they can be opened providing access to the apron all the way to the end of the facility. You can see in the foreground of the building the lobby with the glass enclosure, and that work is still to be completed. Finally, when we're finished, this is what it will look like with our first ship in.

Commissioner Katz - What is the square footage of the space that will be available for events?

Kim von Blohn - It's roughly about 60,000 square feet. It's quite a significant part of the building and that includes the upstairs and the downstairs. The baggage handling facility can also be used for public events.

Monique Moyer - Commissioners, we'll want to get you into a tour probably a little later in January. Right now, the contractor is very busy in there and isn't really welcoming us to be going through. As you know, we are on a tight time



schedule, but it is a very stunning site. The original project did not contemplate taking all of the Pier 27 shed down and the back Pier 29. Those have just been great improvements to the project, costly, but great improvements to the project. So as soon as we can, we'll be sending you an invite to come through and see it. It will be turned over to the Event Authority on March 1, 2013 and open to the public by the end of May.

Kim von Blohn - We have a really excellent team we've been working with, some of which have been with us for several years now, the KMD design team, Department of Public Works who's handling our project management services, and Turner Construction. The port received an award from a port and designation publication for the best local initiative for the collaborative team approach. As we go forward, we're asking to keep this team intact to finish our job here.

Elaine Forbes - Kim von Blohn described the approvals and recommendations, the port action for increases in the contracts and overall budget amount.

As the staff report outlines, when you last saw the cruise terminal budget, it was at \$94.48 million. It is now at \$110.96. Phase 1 had a \$5 million dollar change, and Phase 2 has an \$11.5 million dollar change for a total of \$16.5 million.

For the Phase 1 changes -- the increase of \$5 million was a result of three items: (1) change orders, (2) condensed project schedule for the America's Cup, and (3) shifting costs to Phase 1 from Phase 2 for the elevators and escalators.

The \$11.5 million increase was the result of three factors. The first is that the budget you last saw was at an earlier design stage. We went from drawings to construction-ready drawings, the pricing got more fine grained and it actually increased. We're also seeing an increase in the Turner fee for exceeding the \$52 million contract limit and much more design detail and finishes on the northeast tip and Northeast Wharf Plaza.

Elaine Forbes - Phase 1 is fully funded. When we saw you, we had a small budget deficit, but with help from the city of \$4.9 million and \$800,000 from the ACOC we closed that gap, so the \$67.374 million dollar Phase 1 budget is fully funded.

For Phase 2, we have \$39.42 million identified that includes the 2012 GO bond. The Northeast Wharf Plaza is a park that was included in the Waterfront Land Use Plan. When we went out with the bond, the voters were aware that the bonds would support that park.

We are also proposing a debt issuance of \$15.3 million for Phase 2. \$8 million we would pay from our regular operating funds and \$7.3 million will be repaid by a passenger facility charge (PFC). This is a per-head charge we will assess on passengers. San Diego and Seattle have both put in PFCs to repay investment, so it's anywhere between \$2.00 and \$6.00 per head, and it depends on the life





that we want the repayment, between 9 and 30 years. The lower the charge, the longer the fee. The higher the charge, the shorter the fee.

We also have FEMA grants in for Phase 2 for \$6.6 million. We are able to use more port funds because we've increased our FEMA spending in Phase 1 for about half a million dollars. In total, we have \$39.4 million for Phase 2.

Throughout this process, we have sought to keep the project cost down obviously, but it is a big project with many components including the park and the ground transportation and the maritime improvements. We have sought any kind of value engineering we can accomplish successfully and not undermine the operations. We've also looked to bring in other sources besides port sources.

As indicated in the staff report, we're about \$60.4 million of port sources proposing \$15.8 million new sources, and that will keep our share to about 70 percent of the project. We have been successful in pulling in lots of other sources.

With the identified new sources, we still have a budget shortfall of about \$4.2 million. We're looking at several ways to reduce that shortfall. We're continuing to explore the passenger facility charge because it's such a good time for borrowing and interest rates are so low, and it gets us a little bit more, so we're looking at that.

We're also looking at environmental grants and looking to our own capital budget for some of the more ongoing pieces of the project, chain improvements in the fendering, etc. and we'll continue to look for value engineering opportunities.

You will see in more detail the financing for this project when we come to you with the request to issue debt. The project approvals before you today allow for the contracts to increase accordingly, but we'll be before you again for much more review prior to the financing of Phase 2.

Commissioner Adams - when Gavin Newsom put this advisory committee together to talk about this cruise terminal, I happened to be selected to be on that committee. I wasn't sure if this day was ever going to come, but I ran up and down this waterfront every day, and it didn't look like it was going to happen, but it's going to happen. I want to thank Monique and the fine team here at the port and the people that worked really hard. Several weeks ago I was at the last cruise ship down at Pier 35, and I saw the congestion and everything. When you run by and see this new facility, and the cruise companies will come here to San Francisco, how can we not have a world class? This is a world-class city. How can we not have a world-class cruise terminal? I think this will speak to San Francisco. I look forward to going with the maritime guys down to Florida to meet with other cruise companies as we want to double the amount of passengers coming in here. Elaine made mention about the passenger's tax, and I think we





had something like 200,000 people this year that came through the Port of San Francisco. I can clearly see in years to come that we can maybe reach up to half a million. I'm clearly very supportive of this. Like I said, I never thought this day would come, but it's going to happen, and I'm fully supportive

Commissioner Brandon - I think everybody's excited about the new cruise terminal. I don't know if we're excited about the cost. We're definitely excited about the new cruise terminal. I'm just trying to understand the numbers and looking at the proposed amendments for Phase 2 and the change between what was approved and what is being requested today as \$43 million. You discussed the \$11 million. I don't know if we discussed the whole \$43 million and where the costs are and why it's so much.

Elaine Forbes - The \$43.254 million is the estimate for the Phase 2 budget. The costs are so high because it's a combination of the large site, the cost of new construction, the maritime improvements that are required for the operation, and then having many other parts including security, a very robust security program, major public access improvements and a 2½ acre park along with BCDC requirements for the site. It's the combination of all those things that get you a \$111 million dollar project.

Commissioner Brandon - Is the request for \$125 million?

Kim von Blohn - The last time we were in front of the Port Commission, one of the other projects came in to be on our contract. That was the America's Cup infrastructure improvements on some of the other piers at \$14.7 million. When we come back to talk about the increase for Turner, we have to consider that it's on top of that \$14 million, although it's not for this project. Their overall contract gets increased because this amount is included.

Commissioner Brandon - So the change for the cruise terminal, the addition is about \$40 million from the original proposed \$82 million? When we approved the \$82 million, did we take Phase 2 into consideration?

Kim von Blohn - No. Phase 2 was just an estimate at that time.

Commissioner Brandon - You did, but it was an estimate?

Kim von Blohn - Yes. In Phase 1, the design work included the Phase 2 drawings because they were developed at the same time. In the Phase 2 request, we're not including the design fee for new drawings.

Commissioner Brandon - Where is the additional \$40 million going towards?

Monique Moyer - I think she's talking about the \$39.7 million increase in Turner's contract and the \$1.9 million increase in DPW's contract. Is that correct, commissioner? That's how we're getting to \$40 million



Commissioner Brandon - Yes.

Monique Moyer - \$43 million total for the three contracts that's changed in the authorizations.

Kim von Blohn - We're talking about the cruise terminal, \$39.7 million. If you go back to Table 2, which is on page 4 of your report, we've broken this down as best we can by system, which gives you a total of \$ 36 million dollars. On top of that, there's a contingency of 10 percent, which is \$3.6 million for a total of about \$39.7 million.

Commissioner Brandon - We didn't take the plaza into consideration at all during Phase 1?

Monique Moyer - No. Table 6 on page 9 is what you've approved by contract to-date. Since we only had identified funding for Phase 1, that's all that's ever been approved. The change that's in Table 6 is what the contracts need to change by. That's not exactly the same as what the estimates changed by. We were always praying successfully that the park could be funded from the GO bonds, and so we didn't identify another source of funds for that. We never have approved expenditures on that with the exception of the money that we spent designing it and working through the BCDC requirements for the permit which was not cheap.

Commissioner Brandon - Okay, that makes sense.

Monique Moyer - We did a great job of giving everything we know in the staff report, but it gets confusing really fast.

Commissioner Brandon - Thank you. For the design team contract and the LBE goal of 15 percent that's now at 44.6 percent, which is absolutely wonderful, but what dollar amount is that on? Is that on the \$1.9 million?

Kim von Blohn - It's on the Phase 1 dollar amount.

Monique Moyer - Which is \$9.9 million at KMD.

Commissioner Brandon - That's great. Thank you very much.

Kim von Blohn - Yeah, they've done well.

Commissioner Brandon -That's a wonderful achievement. What about the CMGC contract?

Kim von Blohn - CMGC is running a little behind our goal. We've got about 12½ percent LBE participation. This is based on invoices provided to us which lagged at least 30 days behind. The front end of the project had small specialties like the structural steel and others. As we move forward, we're getting into less





specialized work where LBEs are increasing. Our actual estimate for November when we finally get in the bills and everything and we make an official LBE goal should be about 18 percent and this will increase as we go forward in the project.

Commissioner Brandon - Great. Thank you.

Commissioner Katz - Most of my questions have been answered. Correct me if I'm wrong, it looks like the changes, both in the Phase 1 budget and also with the Phase 2, is very little which is actually due to change orders.

Kim von Blohn - Yes. Phase 1 we're within our 10 percent change order allowance.

Commissioner Katz - That's impressive too.

Monique Moyer - We were very lucky with the Phase 1 bids and their timing, which allowed us even to move a couple items forward. Phase 2, as you know, the market is on fire.

Commissioner Adams - On the RFP for the James Herman Cruise Terminal, it already went out, right, Monique?

Monique Moyer - The operator RFP is out now and the responses are due early February.

Commissioner Adams - So what happens is port staff and maritime interview the different operators and then come back here to the board with a recommendation?

Monique Moyer - We were establishing a selection of panel which will include some internal staff and a lot of external folks. Based on the scoring of the RFQs, we would come up with a selection for oral interviews, all of which is overseen by the Human Rights Commission. Then normally we would come back to the commission with a recommendation for the highest ranked firm.

Commissioner Adams - What I would like is if possible if you could bring back two names. I think that would be good. I'd like to have them come just so the commissioners can talk to them. I'd like to have two operators, if they're both good, and either one could do the job and we could talk to them and interview them. I would like to do that.

Monique Moyer - Okay. Hopefully we'll have that many. I think we're going to have four, so certainly.

Commissioner Adams - That's good. I'm hoping you have 10. When staff makes the recommendation to the commission, I would like it to be two.



Monique Moyer – Yes, will do.

Commissioner Adams - Thank you.

ACTION: Commissioner Katz moved approval; Commissioner Adams seconded the motion. All of the Commissioners were in favor. Resolution No. 12-98 was adopted.

**13. NEW BUSINESS**

**14. PUBLIC COMMENT**

**15. ADJOURNMENT**

ACTION: Commissioner Katz moved approval to recess the open session meeting and reconvene in closed session; Commissioner Adams seconded the motion. All of the Commissioners were in favor.

The Commission reconvened in closed session at 6:35 p.m.

ACTION: Commissioner Katz moved approval to adjourn the closed session meeting and reconvene in open session; Commissioner Adams seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Katz moved approval to not disclose any information discussed in closed session; Commissioner Adams seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Katz moved approval to adjourn the meeting; Commissioner Adams seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned in memory of Frances Alioto, Alioto's No. 8; Steve Chu, Port Plumber (active); and John Kellogg, Retired Port Assistant Chief Engineer, Steve Giraudo of Boudin Bakery and Walter Newman.

Port Commission Vice President Brandon adjourned the meeting at 7:13 p.m.











